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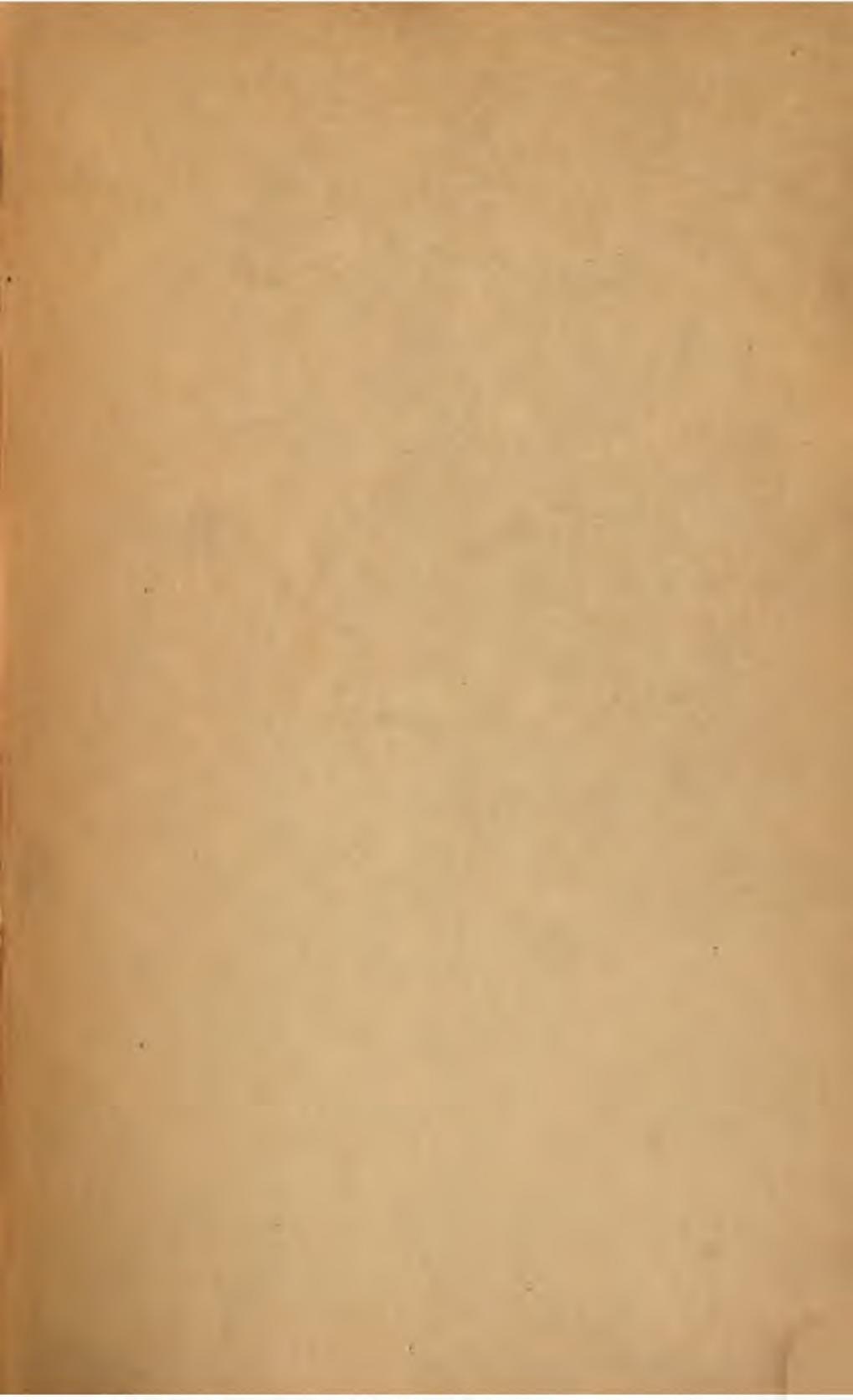


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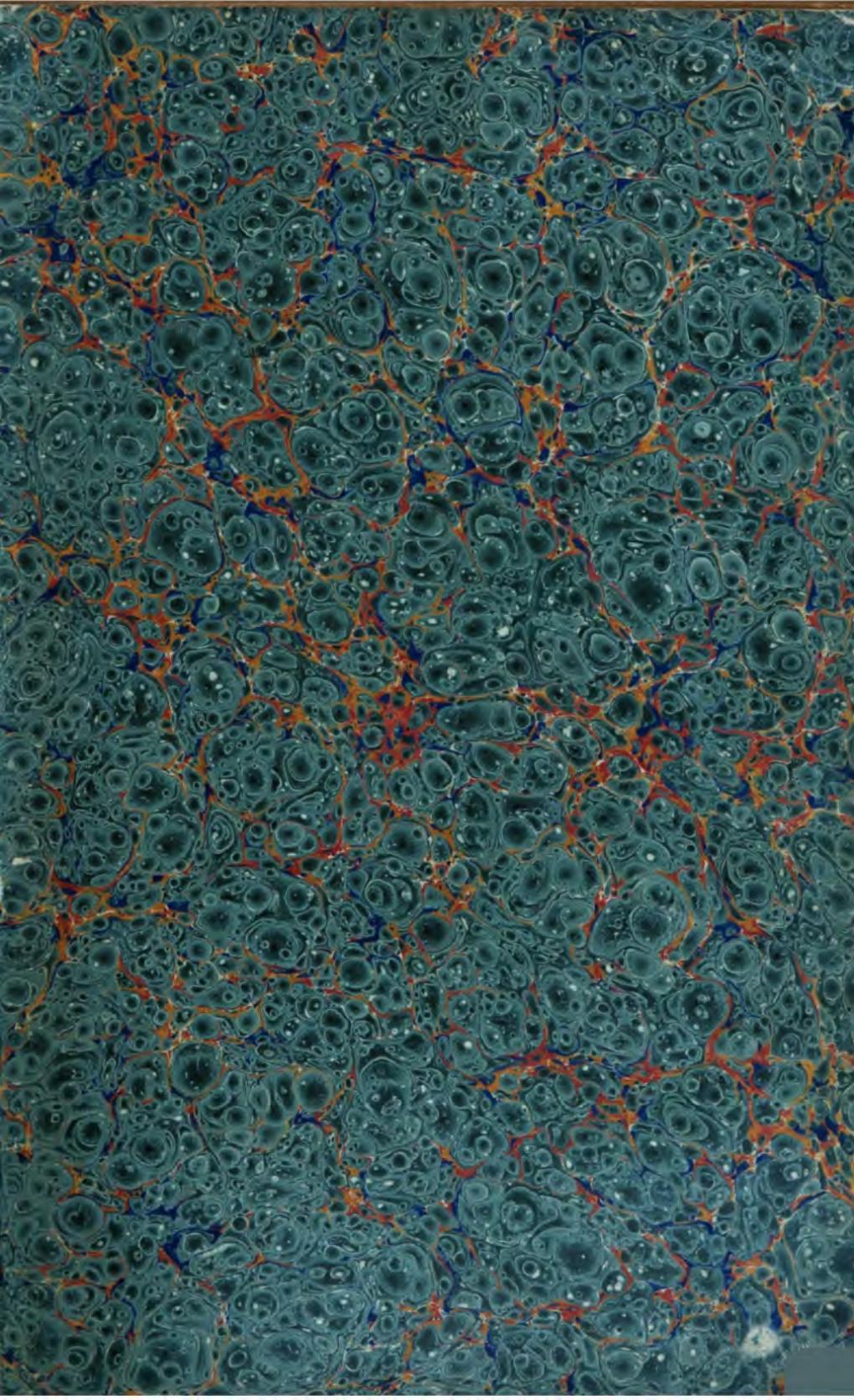
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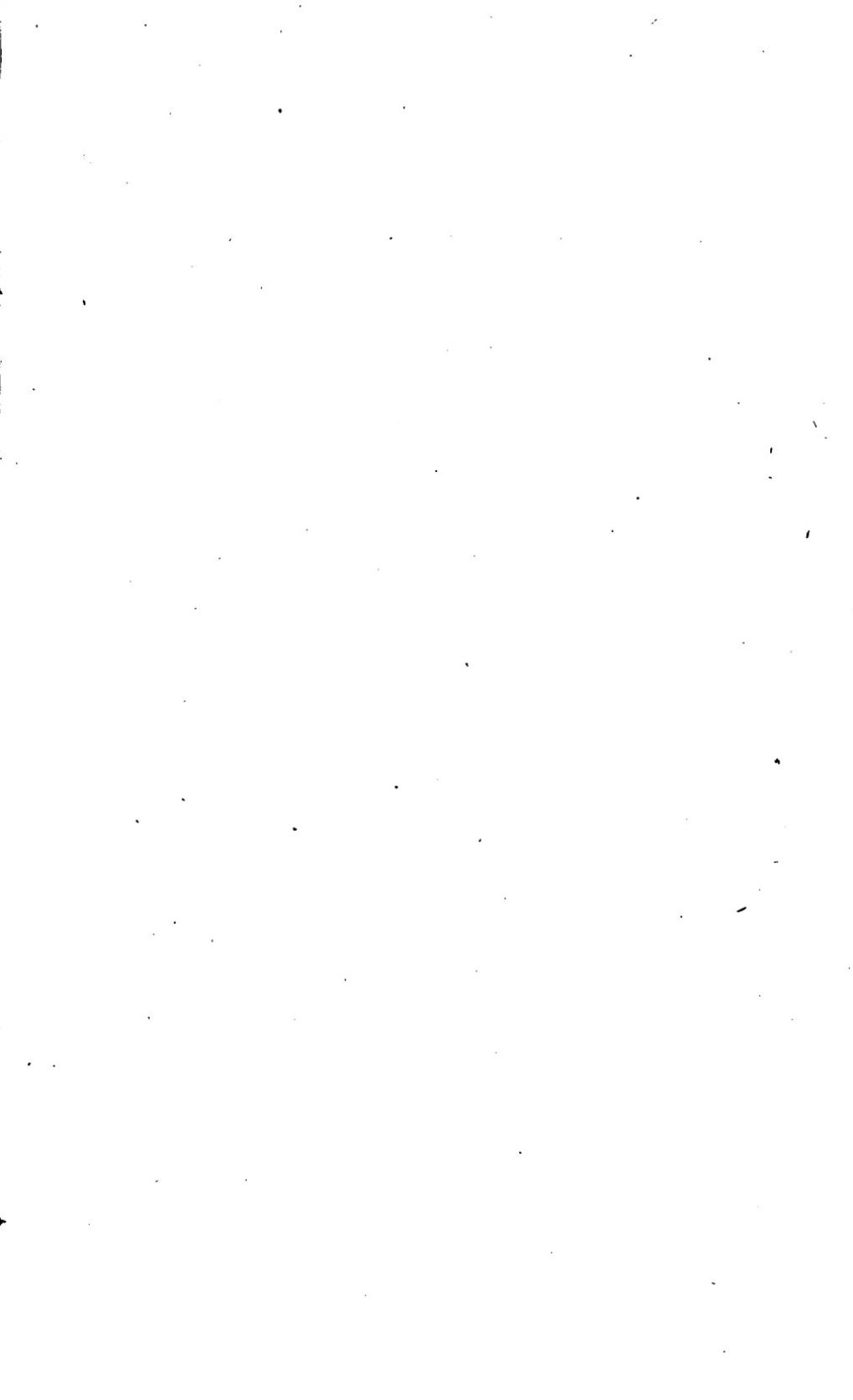
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LETTER

TO

A LADY IN FRANCE

ON

THE SUPPOSED FAILURE OF A NATIONAL BANK,

THE SUPPOSED

DELINQUENCY OF THE NATIONAL GOVERNMENT,

THE DEBTS OF THE SEVERAL STATES,

AND

REPUDIATION;

WITH ANSWERS TO ENQUIRIES CONCERNING THE BOOKS

OF

CAPT. MARRYAT AND MR. DICKENS.

BY THOMAS G. CARY.

Third Edition.

BOSTON:
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INTRODUCTION.

AN American lady, who went to Europe while very young, and when all was tranquil and flourishing in the United States, lately wrote to a lady here, to enquire what ground there could possibly be for the dreadful accusations which she hears against us everywhere abroad. The following letter was written, at the request of her correspondent, in answer to the enquiry. In order that any future allusion to it might be understood, it was shown to some of her old friends here, who had ridiculed the idea of any attempt at exculpation, supposing that the nation was dishonored, past hope. They were not only surprised at what could be said to the contrary, but so much relieved by a simple statement of the facts, that they urged the printing of the letter, here, as well as sending it to France.

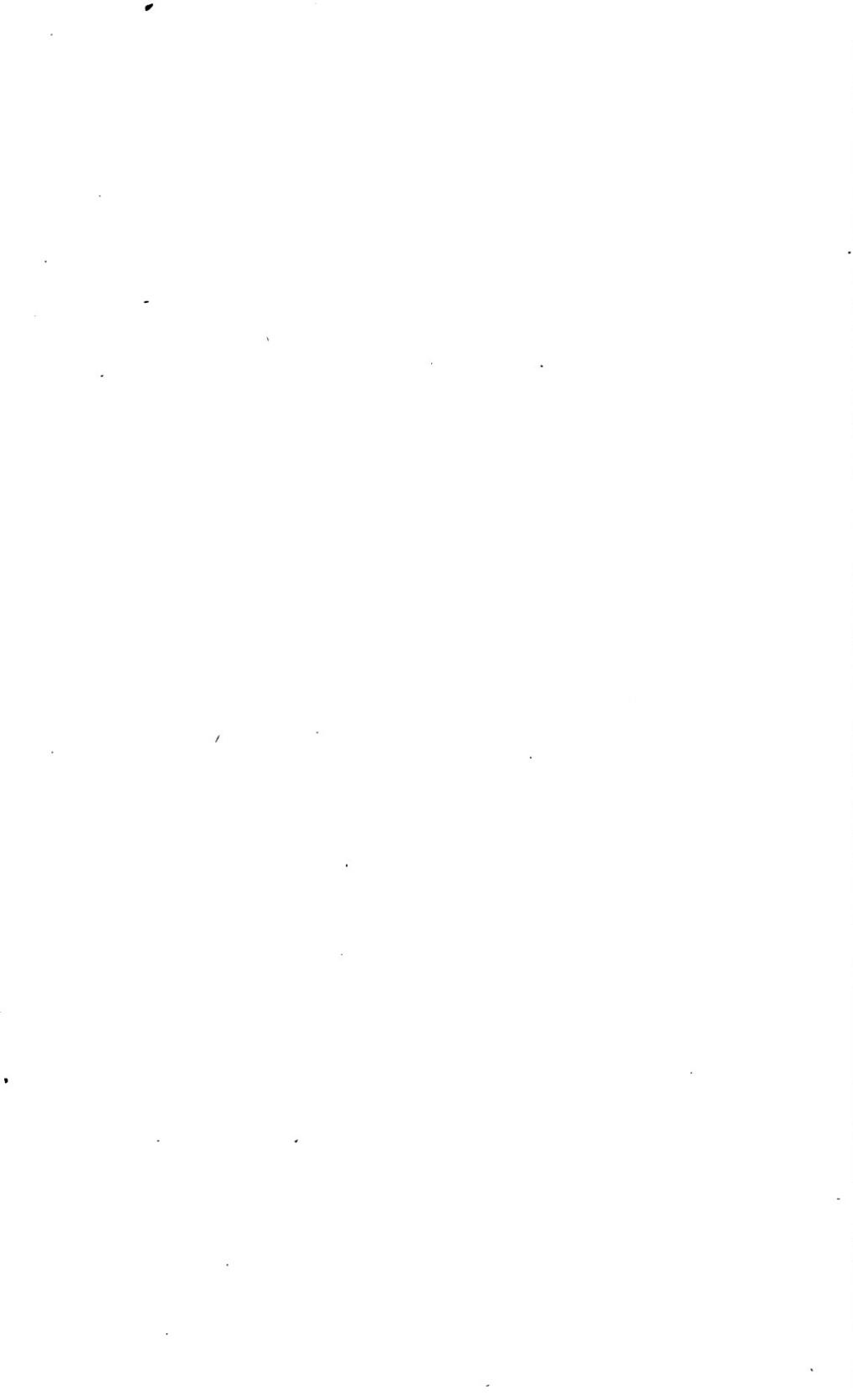
Perhaps those who are thoroughly informed on public affairs, may smile at their simplicity in both respects. But there seem to be many people, ladies in particular, and young persons, who know little on the subject but what they gather from detached remarks; who are puzzled by the confusion of national institutions with those of the separate states, in the use of names; and who, having no ready means of examining the subject, avoid it, as one that will not bear investigation.

To all such, a clear statement, in familiar language, which is attempted in the following letter, may give the pleasure that fairly belongs to those who shrink from every thought of dishonor; and may renew their confidence in our system of self-government.

For the convenience of the reader, the principal subjects of remark are noted under separate heads, as they occur; but, as the letter was written without them, the divisions are not, in every case, exact.

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L E T T E R

TO

MISS H——,

V——s,

FRANCE.

BOSTON, Oct. 31, 1843.

My DEAR E——:

I occasionally see your letters, always with interest, but more so of late, because some of your enquiries show that you feel concerned on a subject that warmly engages my own feelings,—the reputation and the true character of the United States. The expressions which show that your regard for the land of your nativity has endured an absence of so many years with new associations, prompt me to offer you an explanation of some of the changes that appear to have come over us. It is a formidable undertaking to address a young lady on national matters; but, if you have the patience to read, I may venture to promise you some relief from the humiliation which an American in Europe is now compelled to endure. If I cannot furnish the means of repelling, at once, the odium that we suffer, you will, at least, have the satis-

faction of perceiving that it is not entirely deserved ; for I think I can convince you that it has not arisen from any intention to defraud, on the part of our people.

UNITED STATES BANK.

You will want to know something of that great bank which failed, called "The Bank of the United States." It is a matter of deep concern in Europe, for a large portion of its stock was owned there. I must remind you that our national government is formed by a combination among the people of different independent states, each of which manages its own domestic concerns, while all of them choose to be represented together, as one, in their intercourse with the rest of the world. The powers necessary for this latter purpose were given to that government, and it was the intention of the several states that it should have no more. One of the first questions which arose in its administration was, whether the power to establish a bank had been given. It was not expressed ; but Washington thought it a necessary incident, and a bank was established for a limited time, in opposition to the opinions of a numerous class of politicians. When the limited time expired, this class of men had prevailed. A renewal of the bank was refused. Its affairs were brought to a close ; and every stockholder received back his share of the capital, in full.

After some years, it was concluded, that, on the whole, the bank had been useful. Some men changed their opinions ; and a new bank was created, also for

a limited term. When that term drew near its close, President Jackson, who was in power, declared himself opposed to a renewal ; and, finally, refused his consent, without which it could not be obtained. The bank, therefore, prepared to bring its affairs to a close, as was done in the former case. I was at that time a director in one of its branches, and I speak from personal observation. My position did not enable me to get complete information ; but I believe that the bank was then sound ; and that if the stockholders had chosen to receive back their capital, as they were at liberty to do, each one would have had his share of it entire. It is true, that, in the earnest discussions that preceded, an unexpected prominence was given to Mr. Biddle, the president of the bank ; and he may have used some part of its funds injudiciously or improperly, to increase its strength, in a contest somewhat of a political character. But I think there is sufficient proof, that if there were any deficiency then, it must have been a very small one ; and that, in the final division, if the stockholders had chosen to have it, they would have found that the investment had, on the whole, been a good one for them.

When the term expired, my duty, and that of my fellow directors, ceased. The portion of the capital used in our branch was returned entire, after yielding large profits ; and we have had no connection with the affairs of the institution since. There then ceased to be a *national* bank ; and, from that time to this, we have had no such bank in this country.

But Mr. Biddle was determined not to lose the im-

portance which his position had given him. If he could not be the head of a national bank, he thought a substitute might be found in a bank of his own state. He, therefore, represented to the legislature of the State of Pennsylvania, that here was a large capital, belonging in a great measure to foreigners; that to send it back to Europe would check our prosperity, particularly that of their own state; but that, if *they* would grant the necessary privileges for a new bank, he should probably be authorized to pay them several millions of dollars as a bonus, to aid their public institutions and works, in return. That state agreed to do so. He then represented to the stockholders of the national bank, who were preparing to receive back their money, what I think he believed, that, although he had now no connection with the government, he could use their capital as profitably as before. He desired them, in a circular letter, to decide whether they would take shares in the new bank, and to authorize some one to act for each of them. They generally decided that they would do so; and almost all of them gave their power of acting to *him*, a circumstance that proved particularly unfortunate in the end. Such as preferred to have their money, obtained it readily, and more, by selling their shares to others.

He seemed now to be completely successful. He had been led to think that he divided the favors of the nation with its President, General Jackson, in a grand warfare; and he thought himself the conqueror. He was intoxicated with a supposed omnipotence in banking. Perhaps, as some people believe, he hoped to make himself President of the United States. If he

was too wise to indulge in such a dream, I know that some of his friends were foolish enough to think of that elevation for him.

The new institution received the name of the "Bank of the United States," as if it had been a renewal of that which had just been closed. Now, as you know, the United States are considered as belonging to "the people"; and all the world adopt the name, if they like. Every city, where there are ships, has a "United States" insurance office. If an unusually large tavern is built, it is called the "United States" hotel; and if you step into an omnibus, it is very likely that you find it is called the "United States." Really, the United States, as a nation, had no more to do with this bank, than they have to do with an omnibus coach. This fact was well understood at the time, or ought to have been, by the stockholders; but was probably soon forgotten. The bank is now supposed by great numbers in Europe, I believe, to have been a *national establishment*; and is spoken of as such by some who know that it was not, but wish it to be believed so, that they may strengthen the case against us as a nation.

You will ask, perhaps, why some of our own people did not come forward to explain all this? A large part of the nation were loud in doing so. All those opposed to any national bank were forward in denouncing this attempt at a substitute. Those who were in favor of a national bank and hoped that this might answer the purpose, thought that enough was said from the other side; and many of them were willing to put their own money at risk in it, particu-

larly those who were nearest to the scene of action, in Philadelphia, and who are now among the greatest sufferers.

There was one important fact that did not receive sufficient attention at the time. Similar plans, though not on so large a scale, had been formed in other states. Our people are apt to go on in a rush for new objects; and such was the eagerness to take up the business left by the institution which was then closing its affairs, that the capital of new state banks, created for the purpose, was three or four times greater than that of the national one had been. When Mr. Biddle, therefore, attempted, in imitation of the latter, to establish branches in other states, by purchasing some smaller bank in each, he found competitors everywhere; and his intentions were defeated. He, then, began to feel the want of those exclusive privileges, throughout the Union, which the United States Bank had previously enjoyed, and which a single state could not give; and he was induced, partly by this cause, perhaps, to employ a great deal of money in a kind of loans, for which banks were never designed,—long loans to states and to incorporated companies.

The capital of the national bank and its branches was thirty-five millions of dollars. The whole number of others that had been created, in the different states, for ten years before its close, was twenty-two, with a capital of *eight* millions. Within two years *after* its close, two hundred and sixty-eight banks were created, under the authority of the different state governments, with capital amounting to a great deal more than one hundred millions. Many of the latter became

unsound, and their failure contributed to a depression in the value of property, that proved, in the sequel, ruinous to the credit of some of the states.

Mr. Biddle went on in his own way. Instead of lending the money to commercial men, on their engagements, made for a short time, he lent it in immense sums to aid doubtful projects in various states; making his power felt, as if to prepare political influence. I believe that he did not mean to do mischief, but he overrated his own sagacity and ability. When any of the directors were disposed to interfere, they felt that he was clothed with power from the distant stockholders, and could control everything. The bank had become just what it was commonly called, "Biddle's Bank." Some independent men resigned, or were displaced. Concurrent circumstances, which it would be tedious to explain, proved unfavorable; and, after a short career, this new bank, merely a creature of one of the states, was found to be insolvent. The mischief is done, and without remedy. Nobody but the stockholders at a distance, who had implicit confidence in Mr. Biddle, could interfere with him to prevent it. In my belief, the power could only come from abroad; and it seems clear, that if the stockholders in Europe had occasionally sent sensible men to look after their affairs, and to see how things were managed, the greater part of the loss would have been prevented.

As the change from the national bank to that of the state was in some degree a matter of form only, you will ask, perhaps, as others have done, what evidence I have that the misapplication of the funds, which is

admitted in the latter case, had not been practised long before ? I answer, the very best that could be desired ; and the statement of it will serve still farther to explain to you the distinction between the national bank and that which failed ; showing the safeguards that surrounded the one, and the want of them which proved fatal to the other. I assisted, myself, with the other directors of the several branches among which the capital of the national bank was divided, to guard the funds. The greater part of the thirty-five millions was distributed among the several cities of the Union, to a branch in each ; leaving only a small remainder in Philadelphia under the immediate control of the president, Mr. Biddle, and the directors, there, of the mother bank, as it was called. We had, for instance, one million and a half of this capital in Boston ; which it was our duty and our right to lend among the merchants here. If there had been any attempt to withdraw a part of it from our control, the community around us would have felt the diminution immediately, and we should have remonstrated. When the charter expired, the officers of our branch returned that amount to Philadelphia. Other branches did the same. Then, for the first time, the whole capital, or nearly so, was brought together in Pennsylvania ; and when Mr. Biddle moved forward again, under a charter from that state, he wielded a power over the whole thirty-five millions that he never had possessed before. Those wholesome checks were removed which had previously existed in the various boards of directors attached to the several branches, who watched *him* as he did them ; and the disposal of the whole was after-

wards decided very much by his own will. You may be told that some of the distant branches at the West did not return their portions, making not quite one-fifth part of the capital; and that there were great losses, eventually, there. Still, there is nothing in this that conflicts materially, with what I have told you, that the national bank was sound at its close. The losses there, were the consequences of the expansion and revulsion that followed some time afterwards. If the stockholders had decided to discontinue the business of the bank, when it had lost its national character, by far the greater part of this money at the West would have been received back. To recall it would have caused considerable inconvenience there; but any losses that could, possibly have been met with then would probably have been covered by the reserved profits.

So much for the bank; a grievous and mortifying business, but not so bad as if an institution corresponding to the Bank of England had broken down among us.*

PUBLIC DEBTS.

You doubtless hear much about our public debts; and find "national bankruptcy," "bad faith," "repudiation," and other hard words, applied to us without discrimination and without measure. A fair statement

* The term limited for the National Bank of the United States expired in the year 1836, and for the two last years of this term its operations were confined to the business of closing its affairs.

The Bank of the United States, as it was called, created by the State of Pennsylvania, was chartered early in that year.

of leading facts will enable you to form an opinion of your own as to the justice of this.

I must again refer to the nature of our general government, resulting from a union among the people of independent states for national purposes only. The question whether power was given to it to make roads, or other communications of national importance, was one of early interest. The opinion that it *was* given, rather prevailed at first, and some appropriations for purposes of this nature were made. President Jackson gave a decided opinion that it was not, and refused his assent to any further aid. The separate states, then, concluded that they must undertake such works for themselves. The great canal in New York, made through the influence of the governor, De Witt Clinton, from Lake Erie to the Hudson, was an example of this use of state power eminently successful. It is rare that the sagacity and skill of an individual, in his private affairs, lead to so profitable a result. Its income has been sufficient to pay all interest on the loans made by the state of New York for completing it, and rapidly to accumulate a fund for repaying the cost. It gave an impression that any one of the states could execute such a work within herself; and still further, that any great avenue through a state was likely to be profitable. The sanguine belief of this had an unfortunate effect.

Several of the states began operations in this way, and exercised their sovereign powers largely in borrowing money for these purposes. But they disregarded one very important consideration, which was, indeed, likely to escape notice in the trial of a new

system. While they retained rights as separate governments, they had each relinquished, for national uses, one important privilege of sovereignty, the right of raising revenue by duties on the importation of merchandise from abroad. The states of Pennsylvania and Maryland, for instance, are now deeply indebted. If the control of the custom-house in Philadelphia were given to the one, and of that in Baltimore to the other, their difficulties would vanish in a day. But that cannot be. The importations at those ports are not solely for their own use, but pass through them for the use of other states ; and the duties, of course, are paid to the government of the United States. This was not sufficiently thought of.

Several of the states, which thus undertook canals and rail-roads, have found themselves unable to complete them ; and, therefore, fail to derive the revenue from them that they expected. They must now tax themselves to pay the interest on the loans ; and here comes the difficulty. There was, in most cases, a large party opposed to these undertakings. It was thought that they were too mighty ; that too many of them came together ; that some of them were ill conceived ; and that the people at large were not sufficiently aware what liabilities they were exposed to, in case of failure. Most of this has turned out to be true ; particularly the last point. The people were *not* fully aware that they might have to assume such heavy debts. Now that they are so, they do not refuse to admit their liability ; except in three cases, where it is denied, as to a part of the money, that authority to bind the states had been given. This is called

repudiation; and it is made to resound in Europe as if we were all guilty of it; with what justice, you can judge when I tell you that while the whole debts of the states are two hundred and fourteen millions of dollars, the amount involved in these three cases, where the authority is disputed, is less than nine millions. I do not believe that the people will sanction an improper refusal in any case. They intend to make provision for all that is due. It is true that they seem to be long in doing so; but when you hear it said that the whole nation is bankrupt, that we are all swindlers, and knaves, &c., just bear in mind, for your own consolation, the truth as it is.

NATIONAL DEBTS.

First, the national government is not involved in the loans that I have mentioned. It has always performed its engagements. It has, at one time, within your day, been burthened with an immense debt, about two hundred millions of dollars; and has paid every dollar of it, principal and interest. For several years afterward, it was entirely free from debt. But, owing to some changes in revenue laws, &c., it lately required a new loan of a moderate sum, less than its income for a single year. The capitalists in Europe declined lending this; partly, perhaps, from real doubts of the solidity of our institutions, and partly, probably, with a view to make us all feel discredit so sensibly, that our national government should be induced to assume, as *it has no right to do*, the debts of the delinquent states. The money was lent, however, by our own people;

and the only subject of regret with them is, that the government will not keep it longer than it is likely to do. Every man who has lent it a hundred dollars, can now receive one hundred and fourteen for the engagement that he holds. Our national government, then, is not bankrupt; but has performed all its engagements with punctuality and honor.

DEBTS OF SEPARATE STATES.

Next, let us look at the separate governments of the states. There are twenty-six of them. Beginning at the north, on the line of the British territory, Maine has a small debt, perfectly safe; and if any one, to whom a part of it is due, wishes for the money, he can have it, and more, from others who stand ready to purchase his security. Massachusetts is responsible for a considerable amount, raised, however, for great public works, that are now completed and productive; and her engagements are perfectly good. Those who hold them, can dispose of them without loss; and, for this state, I can assure you that we mean never to suffer her name to bear discredit. New Hampshire, Vermont, Connecticut, and Rhode Island are free of debt to Europe. New York owes a large amount still; but it rests chiefly on the security of her great canals, and there is no delinquency there. New Jersey owes nothing.

Here, then, from the St. John's river, at the extreme north, up to your own beautiful Delaware, are eight states, nearly one-third of the whole Union, either entirely free from debt, or performing all their obliga-

tions. We then come to Pennsylvania. She owes a great amount (expended rather unprofitably,) and ought to provide for paying it, for she has still great wealth ; and I think she will do so. But, although the delay casts discredit on us all, nobody, out of the state, can interfere to direct her measures. The failure of her own great bank, which I have described, reduced many of her principal people to poverty ; and she has within her limits a large German population, still speaking only their own language, ignorant of much that relates to national character or reputation abroad, and not easily convinced of the necessity of taxation for the payment of such debts ; but wielding a political power that outweighs the influence of all the gentlemen in Philadelphia. If the decision lay with the latter, provision would be promptly made.

Maryland is deeply indebted ; and being neither a large, nor a very productive state, I apprehend that she must struggle hard to clear herself. Virginia owes a considerable sum, but has met her engagements, though occasionally, perhaps, with difficulty. North Carolina owes nothing. South Carolina has borrowed money, but pays punctually.

Without taking you the full round of the states, I may say, in short terms, that two-thirds of them are either out of debt, or pay punctually what they have engaged to pay ; and that one-third, or less, of them have failed, not to repay their loans, for they are not yet due, but to pay the interest on them, under the following circumstances :

There had been a simultaneous impulse in a large number of states to engage in great works, absorbing,

together, an immense amount of European capital ; when one or two should have been suffered to complete their enterprises, and render them productive, before others began.

Then, some of these works, as the plans became developed, have been found to conflict with others. Prudence required that they should be abandoned, even if the means for completing them were at hand. Some of them have been given up. Of course, what had been expended on these is entirely lost.

In addition to these circumstances, other causes were at work, about the same time, to produce a great depression in the value of all property in this country ; so that it has been a much more difficult matter than is generally supposed, for several of the states, from the day of their first discredit, nearly up to the present time, to meet their engagements, however they may have wished to do so.

The great increase of loans from Europe to the states here had begun to make the want of money felt there, and the payment of all debts actually due from this country was urgently pressed. The unfortunate bank in Pennsylvania just described, overloaded with unmanageable securities, fell and was crushed when public confidence was shaken. Thirty-five millions were thus withdrawn from use, before the country was fully aware of it. Fifteen millions of the most valuable commercial property in the city of New York had been annihilated by a terrific fire ; and the mischief, from which that city has scarcely yet entirely recovered, was heightened by unwise attempts to go on as if nothing had happened. If every man who received

his death-blow on that occasion had confessed it and failed, twenty millions less of property would probably have been imported from Europe in the following year, which was eventually paid for at such an advance in the rate of exchange as was scarcely ever heard of here before.

The dominant party in politics, when they put an end to the bank of the United States, had resolved, if possible, to substitute gold and silver coins for bank bills in all payments. You will easily perceive that, so far as they succeeded, they very much diminished the quantity of what had passed as money. For, as bank bills had been received for dollars, if their use were abolished, the number of dollars must be greatly reduced. A large number of minor banks had failed, too, and ceased to furnish a circulating medium. Thus, each dollar was made to represent a greater amount of property than it had done before. That is, property fell in value, surprisingly. Where a bushel of corn had procured a dollar before, two bushels, or more, were required afterward. Yet the dollar, when obtained, would go no further than it had ever done, in cancelling an old debt. Think, then, of the situation of newly-settled states, like Indiana and Illinois, beyond the Alleghany Mountains; and what was the natural language of the inhabitants, until the present year, when their affairs are improving. They went there to settle, because they were poor. They had become prosperous, but not yet rich. "We meant no dishonesty," they said, "in borrowing this money. We were told that the canals and rail-roads would repay it. Had we understood the real danger, we

would not have suffered the loans to be made. We find ourselves indebted to a frightful amount, for works that are rather premature in a new country ; and, at the same moment, we find, from a change of currency, that the surplus of our products, from which we were deriving wealth, has become of too little value to bear the cost of transportation to a market. To tax ourselves, would *look* well ; but it would be almost useless. Unless we can sell our produce, the tax could not be paid. We may offer our property for sale, but there are no purchasers at any price. The money is not here.” This was very much the language that they were obliged to use with respect to their private debts. I speak of it as merely temporary ; and it could never have been used, with justice, in Pennsylvania.

The case, however, is not unlike one that frequently happens in the affairs of individual men. The capitalist, tempted by a high rate of interest, lends more money than is prudent to an enterprising, sanguine man, who undertakes too much, and finds that he cannot get on. The capitalist looks into the matter ; perceives that the man meant fairly ; finds that, though both parties have been imprudent, the schemes in themselves are good ; and concludes that his wisest way is, to lend more money to complete them. If the same thing is now proposed by the states, they are asked if they suppose the people in Europe “are so easily duped” as to do that. They are told to apply first to their own general government to guaranty the payment of their debts. This is about as reasonable as it would be to ask Queen Victoria, in England, to

assume a few of the powers of the Pope, in order to settle the affairs of Ireland. It probably never can be done ; for it was never intended to give the national government that power. The proposal is mischievous to the creditors, who hope to be benefited by it ; for it tends to relax exertions of another nature, on which their best reliance is founded. I mean the exertions of those states who owe the money, and who must repay it from their own means. It is best that the world should now understand on whom alone they have to depend, in lending money to one of our states. And if the consequence should be, that no future loan should ever be made us from Europe, it would, perhaps, be rather fortunate than otherwise for us all. I should be very glad to know that such might be the result,

It is said that we are indifferent to the disgrace of our position. I think that the imputation is unjust. Our public men omit no opportunity of enlarging upon it, and urging speedy payment. Our men of education and property use their influence to the same end. Each one, however, has but a vote ; and that can only be used in his own state, where, perhaps, all engagements have been faithfully met. Let me offer my own case, as an instance. A considerable amount of money from Europe has been under my control in this country, and is duly repaid. In one case I caused a large sum to be invested in an old-fashioned security, called bond and mortgage, for a British peer, who had asked my advice. It remained here several years, yielding punctually the rate of interest that was looked for ; and when recalled lately, was all safely returned,

to the last dollar. The state in which I live, and the national government, through which it is represented to the world, are, as I have explained to you, both of them free from reproach in all pecuniary affairs. In these three relations, then, private and political, I have a right to exemption from blame. Yet I find myself involved, with the rest of the nation, in indiscriminate censure, because some of those who unite with us under the same government, in Pennsylvania and Mississippi, are delinquent. Still, I have no power to act there. The debts are too mighty for any private subscription to be of use. If the city of Edinburgh were indebted to foreigners for money borrowed for improvements of her own, the city of London would hardly undertake to repay it; nor would the ministry consent that the Chancellor of the Exchequer should include it in his estimate for supplies from the parliament. Neither can it be expected, then, that one state will pay for another; or that the nation will pay for either. When the money was lent, these distinctions were clearly perceived; and a higher rate of interest was required and allowed, for the very reason that the faith of the nation was *not* pledged. To affect not to comprehend them now, is something worse than idle.

On the whole, nothing can be done but by each delinquent state, acting separately; and I have hopes that they will do all that is requisite at no distant period; for they seem to me to be fast recovering from the misfortunes that have embarrassed them, and indeed actually disabled most of them, within the last six years.

However humbling the delay* may be to us all, I think that those who will examine the subject, will be convinced that, at least, there was no intention among any of us to defraud.

You might suppose, from what you hear said, that no individual among us could get credit from Europe for any sum, however small. Quite the reverse is the truth. In commerce, our people get credit as far as it is at all desirable. Although much of the evil that has befallen our commercial world of late, has arisen from the dangerous facility of obtaining foreign capital, there are now agents of European bankers in this country, ready, for a small commission, to furnish credit for new enterprises to the full extent to which it is prudent for any of us to engage in them. If I were to describe to you the readiness with which credit has been furnished here by foreign agents, I may say the imprudence and folly with which it has been urged upon the inexperienced among us within fifteen years past, through a novel invention for trading in any part of the world with no other capital than a bill on London, you would be less surprised at the number of engagements that have been broken here than at the vast amount of those that have been faithfully met under all the embarrassments alluded to.

* *Note to 3d Edition.* — Since this letter was published the Legislature of Pennsylvania have passed a law for taxation and the sale of property that will probably make ample provision for the debts of that state.

BOOKS OF TRAVELLERS.

You ask if the accounts given of us by Captain Marryat and Mr. Dickens can be just ; and add that, if so, the country must have been sadly changed since you left it. But if you should come among us again, I think you would say that we have not changed for the worse, but rather improved, notwithstanding their descriptions. In his answer to the Edinburgh Review, Captain Marryat says, "*My great object was to do serious injury to democracy.*" To effect this, it was necessary that I should write a book which should be universally read. I wrote the work with this object ; and I wrote it accordingly." He lets it be understood that "the occasional, and apparently careless hits at democracy, in the first part," had an important aim, and were only preparatory to others more severe in the second part, which would be read, he thought, with equal avidity, if made amusing. With such lawyer-like skill as he possessed, he made the most of his case on the part of monarchy, and presented the worst side of ours.

If you take Mr. Dickens's account, you will think very unfavorably of us ; and if you take his account of England, you will not think at all better of the state of society there. His style partakes of caricature ; and he seems more desirous to fill out the picture that he offers to the reader with matter for amusement and wonder, than to present an accurate view of facts. He says that a party in Boston is very much like a party in London ; but he describes the people whom he saw in the steam-boats as uncouth in their man-

ners, and disagreeable. He says, "They put their knives in their mouths," &c., and he did not like to sit at the cabin-table with them. Now, how would it be with such people in Europe? Probably they would not be seen in the cabin at all. They would be deck passengers, at half price. Mr. Dickens might say that they would be in their proper place. They would say, themselves, that they have now the advantage of seeing others who may have enjoyed greater privileges, and have thus an opportunity of learning something. And many of them do learn. They receive almost an education from society. There is a constant advancement, going forward here, upwards, from the condition and habits of the mere laborer to the manners and intelligence of wealth and cultivation. Men who have commenced their career in boyhood with little instruction and without a penny, are sending their children to colleges or to travel in Europe; and I could give you instances of such people becoming, themselves, efficient patrons of the fine arts. After the dainty aversion with which these gentlemen looked upon those whom they met in travelling, it is agreeable to remember the remark of an English lady, widow of an officer, I believe, in her diary of a trip through this country. She says, "After all, I like the Americans. They are warm-hearted in the interest that they show towards their fellow-travellers. They are kind and ready to oblige. If they are inquisitive, they are equally ready to communicate; and the interchange is frequently quite agreeable."

LOVE OF MONEY.

When it is said, as it often is, with scorn, that our conversation, in this country, relates too much to money matters, that we talk about dollars, &c., it is but fair to remember that, notwithstanding all that some of our own writers have thought proper to concede, money is regarded here as the *means* of progress rather than the end in view. It is power in any part of the world ; and where difference of rank is abolished, and the highest places are open to the competition of every one, it is great power, since it enables a man to raise those who depend upon him to the enjoyments and advantages of which he may have felt the want. Probably there is no part of the world where the character of the miser is more uncommon than here ; and I have often thought, in noticing the ways of foreigners who come here, that, if we *talk* more about dollars than they do, they *think* more of them than we do, by far.

GRAVITY OF MANNERS.

As a consequence of the eagerness for money, supposed to exist among us, it is said that our people have no mirth in their character. Still, they have mirth enough among themselves, although a foreigner may not be likely to elicit it by the kind of address with which he encourages the peasantry at home to a jest. The people here do not thank him for his condescension. A German baron, who was collecting materials for a book about us, once repeated this

remark upon our gravity, to me. "Oh!" he said, "if you could only see the people in my country dance! when notice is given, on the estate of some great landholder, that there will be music. It is with all their soul." I took him to Lowell, a large manufacturing town, where six thousand girls are employed in spinning and weaving cotton, of whom an Englishman, familiar with manufactures at home, once remarked to me, that he "should not have supposed that any of those young women had ever seen a cotton factory; that they rather resembled, in appearance, the daughters of middling men, shopkeepers, &c., in England." As we passed through the country, the German inquired of me as to the wages of the laborers in the fields. I told him they were twelve or fifteen dollars a month, beside board and lodging; and that the industrious and enterprising often obtained more and became owners of land themselves, early in life. "Indeed!" said he, "Now, in my country, if a man received fifteen dollars for a year, with a pair or two of shoes, and a small supply of flour, he would expect nothing more." At Lowell, he made similar inquiries as to the wages of the factory girls. I told him that they were about a dollar and a half per week, besides an allowance that procures them comfortable board and lodging; and that the most industrious and skillful frequently obtain nearly double that sum. He expressed surprise; and remarked, that a young woman in his country would be satisfied with the usual supply of shoes and flour, and five or six dollars *for a whole year!* I then asked him, whether, if the peasants in his country could obtain the same wages as our labor-

ing people do, (the pay of a whole year in a month, with the prospect of greatly increasing it by industry and care,) they would continue to take the same interest in dancing? He answered, "Most certainly they would not." I told him that I could show him people, on the estates of great landholders, in this country, who enjoy dancing with all the light-hearted mirth that he spoke of; whose festivities at Christmas, for instance, perhaps exceed in gayety those of any other people on earth. But, for the present, they are *slaves!* divested of political rights and of hope, as they are of care for the future.

SLAVERY.

We are reproached with the slavery that exists in the South; and particularly by the English, who point to the West Indies, and tell us what *they* have done. And what is that? In England, where there is no slavery, but where the power to control the whole empire resides, it was determined that a fixed sum should be raised, and that the planters should be compelled to take it, or take nothing, and free their negroes. If the same sum could rid us of the evil, it would very soon be raised. But just suppose a case parallel to ours; that the West India islands had been represented in parliament when this vote was passed; that nearly one-half of the House of Commons had consisted of planters, and that exactly one-half of the House of Lords had been made up of such nobles as a duke of Jamaica, a marquis of Trinidad, an earl of Barbadoes, &c. I think you will believe, with me,

that, up to this day, no vote for any such measure could have been obtained there. Our difficulties on the subject are of this nature. Nearly one-half of the national House of Representatives, and exactly one-half of the Senate, are men who expect to have their own throats cut, with those of their wives and children, as an immediate consequence of any sudden emancipation ; while the other half have neither the power nor the right to control them in this matter. The action of the national government being limited to certain particulars essential for union and foreign intercourse, it has no authority to change the domestic institutions of either of the states. Any approach to interference from the free states, therefore, is worse than useless ; for it tends to blind the people of the South, by giving the aspect of a mere domestic quarrel to a question that exists between the slave-holder and the human race. It impedes the current of a broader influence, which I heard recognized, not long ago, by a legislator at the South, in a debate upon a new regulation in respect to property in negroes. When I expected to hear only an explosion of wrath against the Northern States, he exclaimed without referring to them,—“I beg the senate to pause. The eyes of the *world* are upon us in this matter. The spirit of the *age* is against us.”

Mr. Dickens, having been annoyed by some simple people who asked him whether he did not admire the heads of our lawmakers at Washington, asserts that an eminent and venerable statesman had, just before, stood for days upon his trial in Congress, “charged with having dared to assert the infamy of that traffic

which has, for its accursed merchandise, men and women with their unborn children." It is not true; and it is discreditable to him to have made the assertion; for, as he says, the occurrence alluded to took place within a week of his date of the account of it; and he might have ascertained the facts without trouble. Mr. Adams, formerly president of the United States, but now a national representative, whom he describes in a way not to be mistaken, had presented, on the floor of Congress, a petition, from some people in an Eastern town, for the dissolution of the Union; that is, the overthrow of our national government. Members were thunderstruck. It appeared that he had no wish that the prayer should be granted; but, in his zeal for the right of petition, he dared to go to a length that seemed to his own friends like high treason. All that he said on this occasion, about the abhorrence of Slavery, which was the ground of the petition, had been said by him repeatedly before, and nobody thought of putting him on trial. But his present movement was like offering, in the British Parliament, a petition from Mr. O'Connell and his friends, not that Ireland might be suffered peaceably to withdraw from the British empire, but that the crown should be taken from the head of Queen Victoria, and Great Britain carried back to the state of things in the time of Hengist and Horsa, or the Heptarchy, or incur the risk of any other subdivision that might happen to ensue. A vote of censure was proposed. Mr. Adams defended himself with his usual ability, and the matter was dropped; which, I think you will readily believe,

would not have been the case, without a more serious trial, if it had occurred in the British parliament.

This may serve as an instance of the inaccuracy of Mr. Dickens. He, probably, does not mean to misrepresent. But he writes like a man who has not that habitual respect for the weight of his own opinion which would make him careful to ascertain its accuracy before he utters it. If it would not be tedious to you, I should show you that, whether he speaks of the mode of travelling by rail-roads, or the means by which our statesmen and office-holders obtain their places, he is so heedlessly unjust that one can gather but little that is certain from the greater part of his book.

LYNCH LAW, &c.

After all, the most important question seems to be are we improving? I think we have evidence that we are, although some, even of our own men, would say not.

Captain Hall, fifteen years ago, complained that the people in the stage-coaches drank so much brandy as to be quite offensive. Mr. Dickens now complains, that such is the rigid practice of temperance in the country that he could not get brandy and water for his own use, on some occasion, when the coach stopped. When people can recover from evil habits by their own will, they give some evidence of being qualified for self-government. I could give you many proofs of improvement, in this respect and others, among the main body of the people, both in the older

states and the new settlements ; and it is important to enquire, when you hear instances of misconduct among us, whether they occur in the new settlements.

Captain Marryat, in the first part of his work, tells a story of vulgar behavior in a lady, of which he remarks, in his second part, that complaints have been made of him for telling such a story, as if it could not be true. But he says the reader will please to remark, that he had stated the occurrence to have taken place in *Arkansas*. It is true that he did so ; but few readers in Europe attach any importance to the distinction between one part of the Union and another, in such matters. *Arkansas* is a new state, beyond the Mississippi, a thousand miles from Boston ; and, within our own day, it was a wild waste, newly purchased from the French. It has been settled partly by creoles of Louisiana, and partly by needy emigrants, who have not yet enjoyed the full advantages of education, and whose errors in manners are no proof that we are generally uncivilized.

The greatest enormities that you hear of amongst us have occurred in those parts of the country where the pioneers of new settlements have found it necessary, habitually, to practise something of Indian warfare, in self-defence. This circumstance has an unfavorable influence on manners, but it wears out in a generation, as the settlements fill up. One consequence of it has been an irregularity, which, under the name of "*Lynch law*," has a very flagrant aspect. The instances of it have generally occurred where profligate vagabonds, who live by gambling, plunder, and villany, in the new states, have united in such

numerous and powerful fraternities, that it became impossible to execute the laws upon them ; and the industrious and honest portion of the community have been in a manner compelled, for their own security, to take the law into their own hands, and inflict summary punishment, even by death, upon the criminals. That such a mode of proceeding is highly dangerous as a precedent, and that it has been resorted to in two or three cases that admit of no excuse or palliation, cannot be denied. But, that there is as yet no proof from this of our being in the habit of destroying each other at pleasure, by mere denunciation to the mob, as some people represent, you will the more readily believe, when I tell you that even Captain Marryat, with all his desire to make out a case against us, looks with no disfavor upon Lynch law. In speaking of those distant settlements in the South and remote West, he says, "The rapid increase of population, and the many respectable people who have lately migrated there, promise very soon to produce a change. Natchez, the lower town of which was a Pandemonium, has cleansed herself to a great extent. Vicksburg has, by its *salutary Lynch law*, relieved herself of the infamous gamblers ; and New Orleans, in whose streets murders were daily occurring, is now one of the safest towns in the Union." Still, this same Lynch law is an irregularity, the approach of which cannot be regarded without alarm ; such alarm as speedily brings its own remedy. We know well, that no people can exist long, who habitually suffer the mob to take the law into their own hands. It is about eight years since the first instance occurred at Vicks-

burg on the Mississippi, and we have now learned the extent of the danger. I shall show you presently, in speaking of mobs, that when a similar disposition, without the same excuse, shows itself elsewhere, as we have warning that it may, there is both the power and the will to put it down.

SUCCESS OF OUR FORM OF GOVERNMENT.

Captain Marryat tells you, in his second part, that we have made "a miserable failure" in our attempt at a republic; and others cry out the same. Mr. Dickens, in a late number of his "Martin Chuzzlewit," the book that he has now in hand, says,— "that republic, but yesterday let loose upon her noble course, and but to-day so maimed and lame, so full of sores and ulcers, that her best friends turn from the loathsome creature in disgust!" Hard words, these! to be applied to a republic that has stood firm in war; that, in peace, has honorably discharged every debt, as I have shown you, for which her national faith was pledged; that gives her citizens all the protection they desire, at home and abroad; and asks nothing of her friends but to enquire into the truth when they hear her reviled. They are odd words, too, to come from a writer who has been complaining of "ribald slander" from the presses of the daily journals. They even suggest the thought, that the greatest abuse of the art of printing, just now, may not be, after all, among "cheap newspapers."

If we have attempted, as some people from Europe seem resolved to charge us with having done, and as

some silly newspaper editors among us would have it believed, to present ourselves to the world as choice Greeks and Romans, with a patrician air, divested of its pride, among the rich, and every man at the plough looking as if he had the part of Cincinnatus to perform, we certainly have failed. But we have simply attempted to inhabit a country of vast extent, comprising all varieties of character, from the frozen North to the Tropic, with as little government as is absolutely necessary to enable every man to pursue his own business in quiet, and to secure to him and his family the fruits of his own industry. And I maintain that we have been successful in the attempt. It may seem presumptuous for any of us to make an assertion on the subject. But, since you ask for an opinion as to the justice of the charges against us, we may as well give one, as those who denounce us. Many of them, by the way, might have failed to discover in Cincinnatus, if they had seen him as he was, a character that was to be admired by the latest posterity; and although they can perceive nobody like him among us, it is quite possible that we may have men living in quiet obscurity, who would be ready and able to do all that he did, if there were need for them to act.

Conceding everything that the philosophers or politicians, who rail at us, can urge with justice against us, on the grounds of selfishness, love of money, dishonesty, coarse manners, tyranny of public opinion, insecurity of property, frequency of elections, disorder, violence, Lynch law and all, I assert that we are as successful, so far, in what we really undertook to do, as any people could ever reasonably expect to be in

the same time, who pass from one form of government to another that was before untried.* I really believe that if we had concluded to adopt the old form of king, nobility and commons, and had been only as successful with that as we have been with what was actually designed by our present one, our government would have been admitted to come nearer to what a monarchy should be than most others that exist. It is remarkable that we have found but few changes of form necessary, where we might have expected that many parts would prove defective. We talk of scarcely any change but one which should prevent the re-election of the president; and that can easily be shown to be unadvisable, as those who framed our constitution decided that it was, after mature deliberation.

Let us see. *Selfishness and love of money!*—I have already remarked that the eagerness for wealth among us is not altogether base in its nature, since its object is change and improvement of condition.

The foreigner comes here prepossessed with expectations founded upon his own notions of an ideal republic, and is disappointed in what he sees. “These people are all selfish,” he says, “each one looking out for himself only, in a general scramble. Your republicanism is all humbug.” It might be so, if we had undertaken to alter the nature of man. But we have aimed at nothing so imaginary. They who framed our institutions knew that man is selfish. The histories of all republics and monarchies, and if I may say so, the natural history of the animal, had taught

* See Note at the end.

them this; and they dealt with him accordingly. They knew that each one is likely to monopolize wealth and power, as far as he can, for himself; and they have left him at liberty to do so. But they give him no aid from the laws to perpetuate either, beyond that security for property to which every one is entitled. He may make himself as powerful as he can (even as a king, perhaps); but his power ceases with his office, and he can transmit nothing of it to his descendants. He may raise a mountain of wealth if he can; but the laws fence it with no entail that cannot easily be broken. They allow his children and grand-children to make mole-hills of it; which they do very soon, and go to work for themselves when they find it necessary. We know that nothing can ever cure improper selfishness in man, but the Christian religion. If any people have discovered a mode of bringing that into daily, practical use, as the rule of action, *in its true spirit*, throughout society, we shall be glad to learn of them. We believe that it will be sufficient to correct all evils in politics under any form of government, democratic or despotic, and render the manners of every individual, in his own sphere of action, whether it be high or low, beautifully appropriate. In the mean time, we leave with every man his own responsibility to his Maker; and only take care that he shall do no harm to anybody but himself. Under this arrangement we see a vast deal to regret, and, if possible, to remedy. But it is not particularly when we reflect on what other nations have brought to pass, that we feel most humbled or anxious.

Dishonesty!—So far as we are guilty, let us be

scourged without mercy. But to the question how far dishonesty exists, I answer that, in my belief, of the millions of contracts that are daily made among us, as large a portion are faithfully executed as in any country. Recollect that everything is in action here, and engagements more numerous than elsewhere ; that thousands of needy European adventurers, from the time of the first settlements, have been pouring in among us to find subsistence ; and that the contest for property is open to every one here, with the hope of elevation ; while, under other forms of government, the great mass of the people have little to do with bargaining of any sort. After all that is said against us, I believe that the faithful performance of engagements, according to the fair understanding of them, is as generally the standard of action here as elsewhere ; and that the tone of feeling in that respect has, on the whole, been rather raised than lowered, in the last fifty years.*

As to coarseness of manners, there certainly is room for improvement ; and if travellers can cure our people of the unnecessary trick of spitting, and of talking of dollars and business before ladies, they have free leave to abuse us to their own satisfaction, in all such matters. But there is one distinction that

* Extract of a letter, concerning public and private credit in the United States, from a commercial house in England, of great respectability and of extensive correspondence in Europe and America, written on the receipt of a copy, from a former edition, of this pamphlet :—

“ In matters of Commerce, we, at all events, can testify that no country or people has afforded to us such uniform experience, not merely of uprightness, but of that frank and confiding spirit in the transactions of business, which we consider to be the common evidence and the natural fruit of a high order both of sense and principle.”

deserves notice. In Europe, vulgarity is classed by itself, and is generally to be found where one would expect nothing better. In this country, where there is no difference of caste strongly marked, and where many people are in a kind of transition state, it is likely to be met with out of place, and, from mere mixture in the mass, it gives an impression of a more general want of refinement than can justly be charged to us.

PUBLIC OPINION.

The tyranny of public opinion is matter of triumphant outcry against us in Europe. It is very likely that you may be puzzled to know what is meant by this; for, as it is in political matters, so, on almost every other subject of any public interest, we generally have two or more parties, who stoutly maintain their own views in opposition to each other; with a sufficient number of those nondescripts who are so peculiar in their own opinions that they cannot agree with any party. I should suppose that any peculiarity that exists among us in this respect, amounts to nothing more than this. In Europe, where everything appears to stand firmly upon established forms, a man may find fault and give his opinion freely, for the very reason that it goes for little, and changes nothing. In this country, where public action results from a combination of individual opinions, people who assume positions opposed to others are expected to maintain them, and to hold themselves in readiness to act consistently. They, therefore, speak with something of

caution. It is not, that they have less personal independence than people of corresponding stations in Europe ; but that it requires more to take a separate stand, where there are but few of the old entrenchments of society for them to retire within, if pressed.

The foreign traveller sees, for instance, what seems to him to be wrong among us, and asks the next man whom he meets, on the subject. If they are alone, it is likely enough the man may agree with him, yet do nothing. If there are others present, very likely the man may speak with something of reserve, instead of open censure ; and the traveller notes down "selfish indifference" in the one case, or "want of freedom of opinion" in the other. So many particulars of these cases have been given us by travellers, that it is not difficult for a careful observer to understand to what class the unlucky respondent may belong ; and although little attention ever seems to be paid to that circumstance, it is an important one.

The man is most likely to be one who has newly risen to his own position, and who has hardly yet secured so firm a foot-hold that he is ready to set the world about him to rights. He probably remembers the matter, however, and subsequently uses his influence to produce a change ; unless he discovers in the mean time, that there are reasons, which had escaped his sagacity and that of the foreigner, why a sudden change would not be productive of good.

It may be, that the man is of high standing in society, but of little political influence ; disappointed that his own opinion, and that of his friends should have less weight than seems due, and therefore ready

to complain in private, though not inclined to interfere with the course of affairs ; a member, for instance, of the old Federal party, whom travellers are particularly fond of quoting, the party of which Washington was the head, out-voted by the followers of Jefferson. That party stood on the principles that are probably the safest for our institutions ; principles to which all parties, since, are sometimes compelled to resort. But its elder members, since their defeat, have been too ready to despair of our eventual success ; for, although we are not doing the best that we might, it does not follow that we are going headlong to destruction, as some of them apprehend. It is natural enough, that they should not be loud in expressing views which would draw them into collision with others, since they choose to consider themselves absolved from all responsibility for the event, and excused from all serious efforts to prevent it. I know how they talk, for I was one of the party, myself, though too young at its dissolution to feel at liberty to sit quietly down and lament, instead of keeping up with the transitions of the age, and taking a part in what has been going on.

They have some right to complain, however. If the affairs of the country had been administered as they would have had them, it probably would not be necessary to assert, at this day, that we have succeeded. It might have been conceded by acclamation, that we had given reality to the ideal that we were supposed to have imagined. The leaders of that party, formed by circumstances, with fresh recollections of the old school for a standard, united to the

vigor of free action on a field newly opened, were fitted to respond to the expectations of foreigners who wished to observe the chief ornaments of our society. They are passing away, with the personal respect of those opposed to them ; and are succeeded by men of less polished exterior, though, perhaps, equally able and useful. The tone of manners does not rise so high in some instances as formerly ; but the standard of society, on an average of all classes, is unquestionably raised.

On the whole, the encounter of an individual with public opinion may be more formidable in a republic than elsewhere ; but, depend upon it, the iron rule of this tyrant, that is said to keep us all in mental slavery, is in a great degree imaginary.

SECURITY OF PROPERTY.

As to the insecurity of property here, there have been some defects in the laws as to provision for compensation, by the public, to those whose property may have been injured in a riot. The defects have been in some degree supplied, since the necessity has been felt ; and I hope they will be so completely. Corporate bodies are regarded with great jealousy, as remnants of the old system of monopoly. There have been some judicial decisions concerning their exclusive rights that have given dissatisfaction ; and there are here, as everywhere, some people who insist, when the laws are not administered as they would have them, that there is no law at all in the country ; which foreigners are very ready to repeat, and which

many of our women and children are made sorrowfully to believe. But any man who understands the subject will probably tell you, on calm consideration, that there is no country in the world where the people generally hold their houses, lands, and goods in more undisturbed security, and with less real cause for apprehension of any illegal interference, than here. The mass of the people are interested to maintain this security, for those of full age have property of their own. The young hope to obtain it; not as something to be snatched at for momentary gratification, but as the reward of laborious attention and severe exertion, the foundation of rational and permanent enjoyment. Some people of property would dispute what I say, but not one of them would pay a premium to be assured against any risks to their possessions, beyond such chances as must be guarded against in all countries.

ELECTIONS.

The frequency of elections is remarked upon as evil, but I know of no bad result. It is, in one respect, even useful. The young men who are constantly coming upon the stage, would hardly understand the nature of our institutions if it were not for the constant and earnest discussions that arise from this cause. It is true that we make a deal of noise about them, but the noise does no harm. I remember, when very young, to have heard it proposed to have fairs here, as they do in England. But it was objected that it was dangerous to bring our people together in great numbers, where there is so little control. Now,

on one occasion, during the preparation for the great contest for the presidency between General Harrison and Mr. Van Buren, in 1840, it was computed that one hundred thousand strangers of both parties entered the city of Boston in a day. There was no violence. They separated quietly at evening. There had been no military force to control them; and there were, I think, fewer than ten individuals who gave occasion for any interference from the police.

Such vast meetings for political purposes have become common in the country, and give practical contradiction to those predictions of danger to the community from disorder and violence, that are so frequently made.

It is said, that our elections are merely contests of "the ins and the outs," for office; and many of our own people will tell you the same; but it is not so. Deep and important principles lie at the bottom of our political divisions. For more than twenty years, it was a question, hotly disputed, whether the revolution in France and the career of Napoleon deserved our sympathy and support; or whether they were due to Great Britain, in spite of aggressions upon us. This question terminated in foreign war. Again, it has long been a dispute of deep interest, whether our national government has a right to protect domestic manufactures by duties. This question brought us, ten years ago, as was supposed, to the verge of *civil* war. I never believed in the danger of this; but the mere supposition shows that we dispute about something more important than the mere possession of office. Should the right of suffrage be extended

equally to all, even to the emigrant but lately settled among us; or should men of property have additional influence in voting? Should the powers of the general government be construed with strict jealousy; or should it be allowed powers incidentally necessary to its action, such as that to create a bank, and to make internal improvements? These, and other questions of equal magnitude, have divided us; and the people, in the main, are actuated by an honest belief, in adopting the sides they take, however true it may be that candidates for office often consult merely their own chance of success, in siding with one party or the other. There was one period when all existing questions were nearly laid to rest, and we really had little to dispute about but office. As a proof how little the people at large are disposed to engage in quarrels for that alone, it should be remembered that President Monroe, representing a party that had been vehemently opposed for twenty years, received, on his re-election at that period, the votes of all the electors in the Union but one.

POPULAR VIOLENCE, MOBS, &c.

There is one principle of security in our institutions, that operates with surprising effect. It lies in the division of property. It seems at times as if riot and disorder might extend to any degree of mischief; but as soon as it becomes apparent that a man is not safe with his family in his own house, the mob itself becomes conservative; for almost every man has his household, however small. A striking instance of this

occurred about ten years since in Providence, the chief town in Rhode Island. A quarrel had arisen between the seamen and the blacks, in which so many people took part, that, finally, it spread into an alarming riot, and the whole place was in confusion and danger. When it came to that, the militia, citizens of the place, were ordered out. Proclamation was made by the Governor in due form of law, to the rioters to disperse ; and on their refusal, they were fired upon, and a number of them killed and wounded. They fled instantly. Order was restored at once, and maintained, from that moment, with ease. The first essay of Napoleon with a mob, in his youth, was not more effective. The submission was probably more complete than if the execution had been by soldiers of a standing army ; for the rioters were conscious that nothing but their own guilt, and imperious necessity, could bring their fellow-citizens upon them as a military force.

A similar occurrence took place at Baltimore. Owing to the imbecility of the city authorities, the riot continued for several days, and there was considerable destruction of property. The mayor resigned. One of his predecessors, an old man of experience and decision, was put in his place. He took the measures prescribed by the laws, brought out the military, and restored order forthwith ; though with serious bloodshed.

Wherever the use of this safeguard has been resorted to it has operated with equal force, and has proved that, in such cases, power is so clearly on the side of order, that it is only necessary to show the

intention of using it, to produce the desired effect. Some years ago, owing to the prejudices existing against Catholics, and a belief in stories about the crimes of monks, and so on, a violent animosity had been excited at the erection of a convent near here ; and, one night, the convent was suddenly burned to the ground. It was thought that the municipal authorities of the town in which this happened had not acted with vigor. It was found difficult to convict any one of the crime. Most of the guilty escaped unpunished. The cry of Popery and the Inquisition, with stories of dungeons and torture, became popular ; the ignorant with their instigators became more daring ; and, on the anniversary of the burning, preparations were made to enter Boston in great numbers, with a grand procession, apparently in honor of freedom of religion, but, probably, with designs of violence against peaceable Catholics, residing here. Our mayor was a man suited to the occasion, and knew what was coming. The procession was met upon the bridge over which they were approaching, by a deputation of peace officers, with the information, that if they crossed it, a large body of men, prepared to assemble at the tolling of a bell, would be under arms to receive them. After a short consultation, they retired as they had advanced, and quietly dispersed.

Probably, any one who will examine the subject without prejudice, will be convinced that the principle of security, not only against disorder and violence, (under the name of Lynch law, of which I have already spoken, or in any other shape,) — but also against serious misrule, is inherent in our institutions ;

firmly founded upon the personal interest which so large a portion of the community have in its preservation. After General Jackson, who was a great favorite with the most numerous class as the representative of the *ultra* democracy of the country, had been in power eight years; and his successor, acting on the same policy, had been in for about three years; the people became convinced that the measures which they had pursued were not the best for the country. Whether they were right or wrong, in the belief that a change was necessary, is not important. The people believed that it *was* necessary for the welfare of the country, and they made it, peaceably, but thoroughly, by an overwhelming majority. It is only necessary to touch this principle, selfish if you please, by convincing them of general danger, to obtain a speedy remedy.

M. De Tocqueville, in his work on the United States, tells us that it is a mistake to suppose that the democracy of this age has arisen merely from an accidental dispute between Great Britain and some of her colonies. He says that it is the result of a struggle between two great principles of humanity, which has been going on for five or six centuries. If this be true, certainly the victors in the struggle, now that their turn has come, may claim the merit of acting with moderation in their success; even if they do err in some matters of taste. When the most is made of the evils of popular violence, which are promptly reported in their worst shape to the world, they are not great, in comparison with the known oppressions and villanies of the Front-de-Bœufs of petty tyranny;

even without adding what may be believed of tales of injustice and horror that can never be fully known, until that great day of retribution when the secrets of arbitrary power shall be laid open. It is computed that the deaths by violence even in the French revolution, not classed under the head of civil war (as the war in La Vendée), were less than those in the massacre of the Huguenots, caused by the court party on the eve of St. Bartholomew in the reign of Charles the Ninth. It is true, that difference in religious belief led to the cruel destruction in this case ; but the arrangements for such a bloody surprise could never have been perfected, without that concentration of power against which the civilized world has been struggling for ages.

Supposing the computation to be incorrect, as it may be, still, if it be only an approximation to the truth, even if the deaths by the guillotine were double those of the Huguenots, it is a strong case on the side of popular action, considering that the barriers of centuries were suddenly broken away. A few incidents from history would make fearful additions to the amount of deliberate destruction on the other side.

STRENGTH OF THE GOVERNMENT.

It has been asserted by Captain Marryat and others, that our national government has not the strength to enforce the execution of its own laws ; and, as proof of this, a dispute which arose, under the name of "Nullification," about ten years since, is triumphantly referred to. In one of the Southern States, the right

of the government to impose so high duties as had been laid on imported goods was denied, and the leading men threatened that they should not be collected there. No actual violence ever took place ; but a law was passed by the general government providing for a gradual annual reduction of these duties. This law, commonly called the *compromise act*, is frequently spoken of by travellers as a concession from the national government of all that had been demanded by the discontented state, which was said to have " bearded" it. It was not so considered here ; but rather as a loop-hole by which the malecontents were suffered to withdraw from the contest and avoid the appearance of defeat. However this may be, when the term contemplated, by this act for gradual reduction, approached so near its limit that the reduction of duties was found to be inconvenient, the old duties, or nearly the same, were imposed anew. It is insisted at the South that the new law, or tariff, is, in principle, precisely the same, and quite as objectionable to them as the old one. Yet it has been enforced, from the day of its passage, eighteen months since, as thoroughly and quietly, throughout the Union, as any law could be under the most despotic government in Europe. And this has taken place under the administration of a mere vice-president — (the president having died within his term), of a man personally unpopular and by no means remarkable for energy of character.

GENERAL RESULTS OF OUR EXPERIMENT.

Certainly, it must be admitted that our system of government is, thus far, successful in the main. If we have committed some mistakes, as other people do who try new inventions, it is rather a hasty conclusion that our total failure must be the consequence, rather than that the correction of errors, and wiser conduct in future, are to be the result of our experience.

We have learned, during the last ten years, that one state cannot confer the powers necessary for a national bank ; and we shall not try that again.

We have learned that rail-roads and canals may possibly prove unproductive ; and that states which guaranty their success must be prepared to make up any deficiency in the tolls, by laying taxes for the deficit.

We have learned that when states have parted with one of the prerogatives of sovereignty (the right to impose duties on imports), they must be careful in the exercise of another, that of borrowing money.

We have the satisfaction, too, in our experience under this head, of having found the chief opposition to such borrowing to come from the most democratic party in the country. I say the satisfaction ; for, although I am opposed to their party, it is a satisfaction to reflect that they, who might be supposed to be the most needy and most likely to profit by borrowing money abroad should have been unfavorably disposed to that mode of obtaining it ; as, according to my

observation, they were to a remarkable degree. It is satisfactory to believe, too, as I do, that, whatever we may think of the demagogues who lead or mislead them at times, the intentions of the mass are right; that, in order to induce them to do wrong, it is necessary to *deceive* a large portion of them; and that, when they are convinced that they are doing injustice, they can be induced to change their course. The greatest mistake in relation to them has arisen from want of confidence in their intelligence and sense of right, which are found to be worthy of reliance, when once they are fairly addressed. And, in this business of provision for state debts, those politicians who show the greatest courage to impose taxes and act honestly towards the creditor, will probably be found eventually to be most in favor with the people.

We have learned from late disasters, that steady industry, in regular occupations, is more likely to secure the means of living comfortably, than dashing attempts at sudden fortune are likely to secure anything at all. As proof of this, we see, that, though money has been more abundant, for a year, in a large portion of the country, than it ever was before, and property low, there is none of the readiness to engage in hazardous speculations for which we have been remarkable heretofore, under similar circumstances. There is reason to believe that we may become a more quiet people; and that the restless desire for a change of lot in life, which was natural enough when a new system offered such facilities and temptations for it, has received a check. The lessons that we have received have been useful; and there is ground

for encouragement rather than despondency in the present aspect of the country.

GROWING ATTACHMENT TO THE UNION.

Those who can remember how we stood in the early part of this century, and all that was then said of us, probably think, as I believe, that we have a much better prospect of tranquilly passing its close, than we were supposed to have, when it began, of ever reaching the middle of it, with our present government. After all the noise that you hear, the union among our states was never so strong, since its formation, as it is at this day. Many people among us, who go but little from home, would stare at such an assertion; but those who traverse the states from one extremity to the other, know well that what I tell you is true.

The numbers who would be ready, if the Union were really in danger, to step forward and maintain it, increase every year. A feeling of fraternal alliance, throughout, is becoming common. This was once happily expressed by a southern acquaintance whom I met, unexpectedly, in one of the streets in Boston, taking a view of the town. He was a man of distinction in his own state; and, for the first time, found himself nearly a thousand miles from home. "I am not merely surprised," he said, "at what I see; I am even more delighted at the thought that this is not a foreign place, but, still *my home!*"—I am sure that when I first crossed the Alleghany Mountains to the South-west, many years since, in the winter, by what

was then called the wilderness-route to Kentucky, and, after fording rivers, with rough fare under log-cabins in the deep woods, for a week or two, emerged upon a city in the vast plain beyond, where were equipages that might have rivalled many in New York, I felt the surprise of my Southern friend, at the extent and resources of my own country, and equal pleasure, with him, that it was all *one*.

The increase of communication, too, by rail-roads and canals, is strengthening the interest of distant states in each other. It is a fact, of some importance in reference to disputes like that of Nullification, that some of our states most widely separated are even more concerned to keep together, than others that are contiguous. Personal observation in the two states, that, within the last ten or fifteen years, have spoken most slightly of the Union, leads me to believe that they have, all the time, had more real regard for the rest of the states, than they had for each other, though a single river, the Savannah, divides them. If they could have agreed on the first step necessary for separation from the Union, they would have been sure to quarrel at the second, on the question which should stand first in a new confederation. Their movements, in any way, would not be of vital importance, unless they could induce states further south to unite with them; and, in that case, another party, more potent than all of them, would be heard. Away, far at the West and North, are free states, growing yearly like young lions, who look to the "Father of rivers" for access to the sea. If it were necessary, they would join, with overwhelming power, in asserting that the

mouth of the Mississippi is property in which we all have a share ; and that those who have settled around it cannot be suffered to make a foreign nation of themselves, and compel the rest of us to run the gantlet among them, in passing to and fro.

It may be, as the foes of all attempts at self-government seem ardently to hope, that our dissolution is to come from *slavery*, the most dangerous of those "ulcers" upon our body politic that Mr. Dickens talks of. This is a disease, however, which our mother gave us ; and if she adds an occasional malediction, it is perhaps not surprising. I have explained to you, that it is impossible for us to rid ourselves of the evil by the same means that she has used in her own case ; and even if it should prove fatal to *us*, it would by no means follow, that some future republic, of purer birth, may not permanently enjoy the good that we have shown to be possible by fifty years of actual trial.

If you have read much of this and derived satisfaction from it, I have only to ask, in return, that you will do what little may be in your power to make our case understood, even by the Americans whom you see ; some of whom do not go prepared for all the accusations which they may have to meet,

Under all changes of government or fortune,

I remain, always,

Very truly yours,

T. G. CARY,

[NOTE, p. 39.]

SOME readers may not be aware that in suffering the national government to act directly upon each individual, instead of transmitting its authority through the governments of the different states, who might regard it or not, we have introduced a new principle, which is the distinguishing mark of our form of republic, and which operates with surprising effect.

We had united, for the war of the revolution by which our independence was established, under the well-known form of a confederacy of states; on the principle that each state should contribute, in its due proportion, towards the maintenance of a general government. The pressure of external danger kept us together; but when that was removed we began to suffer from defects inherent in the system. Some of the states were slow to comply with the requisitions made upon them. The wants of the general government were poorly supplied, and it could never guaranty the faithful observance of treaties made with foreign powers, since infractions could not be punished without the aid of state governments that might rather choose to countenance them. To use compulsion, if a large state should resist, would be civil war, which would never do; whereas resistance to the power of all the states united, by any one citizen, would have been idle.

We staggered on, imbecile, uncertain, and poor, until the people of the states were ready to unite and form an efficient national head, whose action, for the purposes for which it was created, should be independent of the state governments. This was done; and their constitution begins—"We, the *people* of the United States, in order to form a more perfect government—do establish this constitution," &c.

A celebrated Southern orator, who opposed its adoption, exclaimed that "On those three little words—*we the People*—instead of—*we the States*"—hung changes that, in his view, were vast and fearful. Changes followed; vast, as he said, but salutary. The new government was organized in the year 1789, and Washington was the first president. At that period our prosperity may be said to have commenced.

Those who are desirous of obtaining more full information on the subject, without attempting any laborious investigation, will find it in a book, of moderate compass, entitled "The Federalist." It was written, in short numbers, by Madison, Hamilton, and Jay, for the purpose of explaining to the people of the Union the peculiar characteristics of the form of government offered for their adoption. The explanations are so clear, that a few of the numbers, selected by their titles, will serve to indicate certain distinctions in the structure of various forms of government which every one will find it convenient to understand.

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THE DEPENDENCE
OF
THE FINE ARTS
FOR ENCOURAGEMENT, IN A REPUBLIC,
ON THE
SECURITY OF PROPERTY;
WITH AN ENQUIRY
INTO
THE CAUSES OF FREQUENT FAILURE
AMONG MEN OF BUSINESS:
AN ADDRESS,
DELIVERED BEFORE THE
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A D D R E S S.

MR. PRESIDENT AND GENTLEMEN:

IN complying with the request with which I have been honored, to address you this evening, I propose for our consideration an enquiry connected with the character of the institutions under which we live ; an enquiry that in some of its bearings concerns us all.

For half a century, or more, a portion of the world has been looking on with some interest to see how we should succeed with a plan of self-government that rejects all titles and privileges of a permanent character. Many people abroad, and some among ourselves, have, from year to year, declared the experiment to be a failure ; and there are, unquestionably, some fearful indications that we may, eventually, fail. But they rise from causes that are still within our own control. In the main, we certainly have been, thus far, successful ; and there was a time, not far back, when our national character abroad had begun to secure for any of us who might visit other countries all the respect that we could reasonably look for. A visitor from a republic

so extensive and prosperous as this, was even regarded with something of peculiar interest. But reports that have lately gone forth of disregard and violation of our own laws, among ourselves, when connected with unjustifiable neglect in some of our States to provide for their public engagements, have stained our name ; and the traveller now sometimes blushes to avow it. He often prefers passing unnoticed, to the humiliation of being known as one of us. And it can hardly be otherwise. We have been held up as an example of successful self-government, to the alarm of the privileged orders in other countries, until they had begun to fear for their own inheritances ; and their exultation at our present disgrace is such as the Athenian would have felt, who was provoked at hearing Aristides perpetually called “the just,” if he could actually have detected the object of his spleen in some act that appeared to be unjustifiable.

But instead of resentment and idle retort, it becomes us calmly, but carefully, to examine the accusations made against us, and to remove all causes of just reproach. We owe it to the age just preceding our own, in which our government was framed, and to the cause of freedom, in all future ages, to do so. We shall find satisfaction, too, in such scrutiny. For, while there are some things to regret and others to guard against, we shall find much to encourage us with hopes for the future.

Among the objections that have been urged against our system, it has been asserted that the Fine Arts can never find support among us ; that the wealth and leisure, which can only be found among a privileged

class, an aristocracy, are indispensable to their support ; and that, therefore, it is rather desirable that we should *not* succeed, with our present frame of government, because we are likely to be wanting, as a nation, in what tends to the refinement of the human race.

Is the imputation of such a want likely to be found just ? This is the enquiry that I now propose to pursue ; and to answer it, requires a reference to some interesting particulars in our modes of life.

Have we an *inclination* for those arts that belong rather to the ornament than the necessities of life ; or are we likely to have it ?

If we have the inclination, are we likely to have the *means* to foster these arts ?

Is it true, that all our acquisitions of property are in danger, occasionally, of being swept away by what is called here “a crisis,” or in England “a critical conjuncture ?”

Can the extent of dangers arising from such a crisis be ascertained and marked with some certainty, so that we may know what is to be left standing, after it has passed ?

Can the failures that usually accompany it be traced to certain causes, and particularly to three or four leading causes, which, the more clearly they are understood, are the more likely to be removed ?

If we are likely to have the inclination and the means necessary for the support of arts which are thought to ennoble our nature, are we likely to be left undisturbed in the free use of those means ? Is *property secure* among us ? Have we that just consideration for the rights of each other that leaves every one

at liberty to use the fruits of his own industry according to his own will, as our theory of government professes that he may?

I shall offer some observations on the subjects of this enquiry that have been gathered in practical life, with illustrations drawn, in part, from the character of one who has done something for the fine arts in this country, and who has given a beautiful example in his life for the imitation of those who grow up under a government like ours.

The objection that has been mentioned is urged against us with a full knowledge, of course, of the excellence in the arts that was attained in ancient Greece; and since that is not regarded as decisive proof that as high a standard of taste may prevail in our own republic, we must look for evidence of a different character.

Instances can be adduced to show that, even in countries where the arts have been brought to the highest degree of perfection, genius has been compelled to struggle with harassing want; and others can be found which indicate that, even among *us*, the taste, the liberality, and the ability that are necessary for the reward of the artist have already made their appearance, and given promise of vigorous growth. One instance on each side will serve as an illustration.

It is said that the celebrated painter Coreggio, in Italy, received but forty ducats for the picture of Night (or Dawn) which forms, now, one of the chief attractions in the great gallery at Dresden; and that such was his disappointment and grief at the inadequate price, and the inconvenient mode of payment, which

he was forced to accept for another of his greatest productions, that he died shortly afterward in misery.

About twelve years since a favorite American artist, who was then pursuing his studies in Italy, received from Mr. Luman Reed, a grocer in New York, the dimensions of a room in the house which he was then building for himself, with a request that he would prepare to fill the panels with such paintings of his own as he should design for the sum of three thousand dollars.

The painter was just then perplexed by accounts of pressing want from those who were dependent upon him at home, and had found himself obliged, with deep regret, to prepare for an immediate return to this country. The magnitude of the commission which he then received, and the liberality of the terms, at once relieved him from difficulty, and enabled him to remain in Italy as long as he had intended, for the purpose of studying the models of the great masters there; and when the work which he was then desired to undertake was completed, the three thousand dollars had been extended to five thousand.

Here, then, was an instance of such support to the fine arts as they are likely to receive in the United States.

It is very probable that for the same sum of money pictures of greater merit, and certainly of more celebrity, might have been purchased from the works of the old masters. But here was vital succour to the living artist, encouragement to continue his efforts when it was most acceptable. It was such aid as would have gladdened the heart of Coreggio; perhaps have pro-

longed his life, and enlarged the number of the treasures which he left to the world.

It was an act corresponding to what is called patronage in other countries ; and yet it was not patronage. It was free from all claim of the irksome deference that is usually felt to be due to the patron. It was performed in the spirit which cordially acknowledges a full equivalent, in the work, for the price paid ; and which leaves the spirit of the artist unshackled by dependence.

It was 'the act, too, of one whose life, as I know, from personal acquaintance and observation, was in keeping with the spirit of it ; and I avail myself of this opportunity to bear testimony to his worth, and to present his character for imitation.

Mr. This Reed was a native of Connecticut ; but engaged in business in New York. By industry, perseverance, and steady adherence to sound principles of action, he became one of the foremost in the highly respectable class to which he belonged. He grew gradually rich ; and was at length enabled to build for himself an expensive house in an eligible situation, and to indulge the taste for beauty that seemed natural to him, in ornamenting it. His interest in the arts, as it grew, was accompanied by sympathy for the artist. I had known him well, myself, during a residence of ten years in New York, and was surprised one day by a visit from him in Boston. After a cordial greeting, I enquired after the state of the tea-market, which had been the great field of his success. He told me, with a smile, that, although he was as active there as ever, he had come on other matters ; and that he wanted

my aid to procure for a young artist whom he wished to encourage, permission to copy, at the Athenæum, the original sketch by Stuart of the head of Washington, which is preserved by the trustees with particular care ; meaning, he said, to present the copy to a public society in New York. The permission was readily obtained, and I have since understood that, after that was arranged, he went into the tea-market here with sufficient advantage to provide a liberal compensation for the young artist while he was at work ; thus making trade subservient to taste.

He died shortly afterward, in the prime of life, leaving a collection of paintings, engravings, shells, and other objects of beauty and interest, altogether so valuable, that it is proposed to make them the commencement of a public gallery in New York ; and leaving, too, an establishment in business conducted on principles so secure that it has been a school of industrious success to younger men, who owe their prosperity mainly to him.

We have much to do, no doubt, before we can raise the standards of taste among us to the highest elevation ; but, whatever may be the comparative merit of the collection that I speak of, it serves as proof of the point that we wish to establish. As the powers of the artist are confined to no one class, but are occasionally developed in all, so the love of beauty in color, in proportion, and expression, exists everywhere among us and seeks gratification as the means of indulging it are found. Its strength will depend on the preference that we may cherish for objects really deserving of admiration, over the indulgences of coarse and sordid

inclinations. But its culture has commenced, and with good promise. Beside the readiness with which the works of Allston and other artists have been purchased, we have recently had additional evidence of this in our own community.

Owing to the growth of this city and change of character in some parts of it from that of quiet residence to the bustle of business, it lately became necessary to raise \$75,000, in order to remove the Athenæum from where it is to a more eligible situation. As the capitalists among us had made large donations to the institution heretofore, it was thought but just to make an appeal to the *public* now, and ascertain whether a spirit exists, in the community at large, to support such an institution; and it was decided that no further donations should be asked for, but that shares should be offered for sale. They have all been taken. The money was provided with ease, by the subscriptions of various classes, comprising the mechanic as well as the man of fortune; and an intimation is given that more can be had, if desired, from those who are willing to receive payment for what they advance, in the right of access to books and to a gallery of paintings and statuary.

The fine arts, then, are likely to receive such support among us that no egregious failure in respect to them will be eventually charged upon us, if we are likely to have the means to encourage them.

And are we so? A *crisis*, as it is called, comes over us, and our new world seems to be coming to an end in common bankruptcy. But our experience, thus far, enables us to say that if the troubles have no immedi-

ate connection with any general change of public policy, they soon pass away.

The earth gives forth her increase annually. It is to be prepared for use and taken for consumption; and that makes up the great business of the year, all over the world, and, in the main, this business is always done. But occasionally there is too much of one thing or too little of another, or some portion has been put in a wrong position, and there is temporary inconvenience, perhaps great alarm. But it is soon over.

When the derangement arises from a change in the policy of the government which requires a corresponding change in the habits of the community, great prudence and care are, certainly, required, for a time, to avoid serious embarrassment. Yet those who have conducted their business on certain sound principles, which every person of common sense can understand, and who mean to adhere to those principles under all circumstances, are generally able to stand firm through the whole.

In truth, the failures that arise from inevitable misfortune alone are not so numerous as they are generally supposed to be. In most cases insolvency is caused by mistakes that originate in personal character, and which would be seasonably corrected if their dangerous tendency were clearly understood.

There seem to be two or three definite causes, to one or all of which, disasters of this nature may frequently be traced, all of them founded in a desire to get forward too fast. But whatever the causes may be, it is, at any rate, of peculiar importance to those who grow up in a country so free as ours to ascertain

what they are, and to remember them. Under other governments, where the several classes of society are distinctly divided, and where it is difficult to change from one to another, the modes of business and of life in each class are established by customs and forms that have been founded in the experience of ages. The son commonly follows the steps of the father in the same way of life, and his ambition is usually limited to the desire of being foremost in his craft, whatever that may be. Landmarks appear everywhere to guide him in a course that has been well tried by others, and he can hardly leave it without being soon reminded that he is deviating. Here, it is not so. Each one is likely to take his own course, and to devise a method for himself; sometimes a very good one, but often defective, and generally without strict regard to any experience but his own. It is therefore the more important that he should carry with him, everywhere, those sound principles of action that serve as guides under all circumstances.

A leading cause of failure is the mere ambition to be rich, which often defeats itself, and, as is well known, sometimes leads to ruin.

Another cause, probably, is aversion to labor. It was a maxim among the ancient heathen that the gods have *sold* to mankind everything that is desirable but existence, and that the price is labor. The sacred scriptures instruct us that labor is our lot for life, and our daily experience admonishes us of the truth of this. Yet there are many who mean *not* to work, if they can avoid it. Without reflecting, perhaps, that they are setting themselves in opposition to

a great law of our nature, they begin life with various plans, of their own invention, for shortening their term of labor as much as possible. Their whole scheme of action is founded in an ignoble desire to enjoy a large share of the good things that are accumulated solely by the labor of man, without making a fair contribution to the common stock by work of their own. The prospect of wealth obtained by lucky chances, in a lottery or otherwise, appears as agreeable in their view as if it were the result of skill and of laborious services rendered to mankind ; perhaps more so, because it comes speedily. They may be active in their occupation, perhaps ; but their mode of proceeding is very different from what it would be if a wise performance of duty, rather than an early escape from it, were their first object. Visions of great and sudden changes in the value of property, by which fortunes are rapidly made, and which they hope to have the sagacity to foresee, float in their view, and invite to overtrading and speculation that often prove in the result to have been by no means sagacious. They are the very people who are most wanting in the accurate and patient observation that foresees what is to come.

There is some reason to hope that we are undergoing a favorable change in this respect. The tendency of our institutions, as has been observed by an able writer, to give to labor a degree of consideration and honor which it has never received elsewhere, is producing perceptible effects. The acquisitions of industrious exertion already obtain greater deference among us than estates of inheritance ; while inactive leisure seems to be losing some of its attractions.

A third cause of mischief is the impatient desire to enjoy the luxuries of life before the right to them has been acquired in any way. The facilities of obtaining credit put it in the power of a large portion of the community to indulge their wishes, if they choose to do so, before the means of indulgence have been earned. Shallow, cant sayings that have no foundation in truth, such as that — “the world owes every man a living” — give countenance to misuse of this credit ; and the virtues of prudence and frugality are put to an early test. But the world owes us nothing ; and they who urge such idle claims upon it usually receive, in the end, the repulse that is due to unjust demands.

In the fable of the pilgrim it is said, that when he became weary and disheartened at difficulties which he encountered, and doubted whether he could proceed in the rugged path that he was pursuing, he applied for advice to a hermit, who offered him a staff of wonderful virtue, that would give him all the aid that he needed, if he had but the courage to lean boldly upon it. The pilgrim almost shrank from the touch of it, for this staff was covered with sharp thorns ; and the blood trickled from his hand as he grasped it. But, assured, as he was, of its marvellous power, he persevered with determination ; and as he advanced, he found that, notwithstanding the pain, a surprising vigor was imparted to his frame. The thorns, too, became loosened and fell off as he proceeded. The wounds in his hand soon healed, and he went cheerfully forward on his way. It was the staff of Self-Denial that had been given him ; a main support to all those of us who

have to make their own way through the rugged paths of life.

There is still another cause, arising from the want of some deeper principle, for distinguishing between right and wrong, than a reference merely to what is established as honorable in the society in which one happens to live. While most people are sufficiently upright for ordinary times, there are seasons, such as we have seen within the last ten years, when the very corner-stones of society seemed to be shaken, and those on whom a man may have relied for aid in case of difficulty are themselves in trouble ; when the alternative before him is the humiliation and terror of immediate insolvency, or a resort to new hazards which could not be justified if explanation should become necessary. It makes a wide difference then, whether the course decided on be prompted by dread of the world, or by dread of self-condemnation. In one class of cases, there has been, through fruitless attempts to escape exposure, total wreck and destruction of property, with ruin to many around. In the opposite class, seasonable disclosure has led to preventive measures. Careful liquidation, and a just appropriation of what remained, have diminished evil consequences, and amounted, in some instances, to a full and honorable discharge of obligations. Results have shown, too, sometimes, that the resolute adoption of that course which was dictated by an unflinching adherence to integrity and truth, has proved it to be *the very* course that was the best, even in a mere worldly view, for skilful management in difficulty, and for avoiding failure altogether.

But the effect of this principle is not felt merely under desperate circumstances. It is constantly in operation to prevent their approach. Without it, a man who purchases goods is very apt to sign the promise that he gives for the payment with as little consideration as he has in passing over a bank note, or the promise of another person. If people are willing to trust him for what he wishes to buy, he is not troubled with scruples in taking the credit, even if he doubts his own ability to pay; although the same man, perhaps, would refuse to promise verbally the performance of any specific act, if he doubted his ability to keep his word. He would regard *that* as a breach of honor.

But to a man who acts habitually on the deeper principle of integrity, other considerations arise in the giving of a note which runs in this way—"For value received I *promise* to pay &c."—*He* does not view the act as the mere execution of a formal instrument to complete a transaction in business. He is binding himself by a *promise*. If a doubt arises whether he shall be able to perform it, that doubt is by no means quieted within him by the reflection that, in case of failure, he may obtain a legal discharge from the engagement. That broken promise would remain, to disturb his peace at the latest hour of life, although his creditor might forgive the breach, and the world forget it, as is often the case. And the consideration has its effect. The extent to which he desires credit is not the full extent to which the world are willing to give it. It is rather the extent of his own ability to pay, if the purchase should prove to be a bad one. Just because he is in earnest and means to perform, when

he promises, by hard work and stern self-denial, if he cannot otherwise, he is cautious in imposing tasks of this nature upon himself. And this moderation, founded in principle, often proves to be a safeguard ; for in numerous cases, those who make the largest purchases find that, through unforeseen changes, they have the most to regret before their engagements become due. It is true that this cautious integrity may get on but slowly ; but it has an accompaniment that pervades the character, and that shows itself in temperance, in frugality, in resolute untiring exertion ; and it generally succeeds in attaining independence that is honorable and happy, though it may be humble.

The man who is prepared to work through life, takes his labor with cheerful ease. The Saturday evening, which brings repose to man and beast, is not more agreeable to him than the renewal of his occupation on that Monday morning that lowers so gloomily over one, who has before him a week of embarrassment in meeting obligations that have been entered into with the delusive hope of rapid gain, and which he would rejoice to cancel, by returning his purchases, if he could retrace his steps.

The man of regular industry, too, and of principle, while he is free from deep anxiety for the future, usually gives it that due care which gradually improves his condition. As only a small portion of the world can ever be *rich*, he may not be likely to become so. Yet he has his chance. As he advances in life, he sees some of those who at times have almost excited his envy at their seeming prosperity, becoming involved in difficulty and falling far behind him. When the

crisis comes, perhaps he finds, to his surprise, that he is looked to as a strong man ; for he has something *at command*, and appears at ease, when almost every one about him, who has been more ready to give promises than he, is straitened, and must sell at a loss.

When property, then, seems to be losing its value and is neglected, opportunities rise around him of using what means he may have with an advantage that he had never anticipated, and his possessions begin to extend. Pursuing the same steady course, his strength increases. Without much calculation about it, he finds himself, perhaps, becoming comparatively rich. Causes are at work that may, possibly, make him quite so, without endangering his independence or tranquillity. If wealth comes, he makes sure of it. His spirit is not intoxicated, though his views expand with his acquisitions. The temptation to advance finds no treacherous ally within him, in a spirit of rivalry, ambition, or envy, urging him on to risk all that he may have, in grand undertakings that are to outdo all who are before him, and dazzle his little world with the magnitude of his operations.

Yet from no better spring of action, many a man, who acts without regard to the principles that we have been considering, inflated by early success, has plunged, or suffered himself to be drawn, with all that he has, into a sea of trouble where he must eventually sink.

Some fifteen or twenty years ago, a great change took place, here, in the management of foreign commerce. It was through an invention for substituting a bill of exchange on London, which would be accredited in distant countries, in place of the usual outfit of

money or goods on which foreign voyages had been conducted before. It was no longer necessary for a man to gather up his property and put it in hard money, or in a cargo newly purchased, on board ship. He was no longer reminded by every difficulty that he met, in providing the requisite funds, that he was putting at risk, perhaps, the accumulations of his life ; and led, therefore, to consider well what he was about. It was only necessary for him to satisfy the agent of some European banker that he was able to bear any positive loss that might occur at the end of the voyage ; or, if not so, to give security for a small portion of the credit which would cover such loss, and the whole business of the outfit was done in an hour. The right to draw the bills was given and he had only to hire a vessel, if he did not own one, and dispatch her ; or to join, as one, in making up a voyage, although the whole business was new to him. The vessel might be sent to Canton, for instance, for teas and silks. To pay for them, bills, or orders, to receive money in London would be given. Although the China-men would not want such bills for their own use, the English, from whom they purchase manufactured goods, would readily take the bills in payment ; and the parties here would receive their vessel back with a full cargo, for which they would have to make payment in London after it should be sold.

The consequence was, that great facilities were offered to people to engage in business in which they had no previous experience ; and for which they have, in many cases, suffered severely themselves, besides causing the downfall of several important banking

houses in Europe, who had injudiciously supplied the means and tempted them to such dangerous folly.

Within the same period there has been, on the other hand, great expansion of currency in this country. The value of real estate appeared to be increasing surprisingly, and men whose proper business is foreign commerce have been tempted to withdraw their capital from its previous uses, while this contrivance of bills enabled them to continue their usual trade, and make great speculations in lands, in hopes of sudden wealth.

Failures have succeeded; and the unsuspecting creditor, who supposed that he had been selling his goods to a person employed solely in domestic manufactures, for instance, finds that it depended entirely upon the success of a Calcutta voyage, in which the purchaser had secretly engaged, whether he was ever to be paid. Or he finds that, while he supposed that he had sold his goods to a merchant whose attention was devoted to foreign trade, the real capital that was believed to be in that trade had been diverted to the purchase of prairies at the West, or cotton lands at the South; and that, in truth, it depended upon the tide of emigration to some new settlement in a wild country whether he was ever to get his payment.

If we suppose the principles of scrupulous integrity to have been in action among these parties, what would have been the effect? The purchaser would have said — “I cannot subscribe a promise to pay for goods that I have bought under appearances which are likely to deceive others, without disclosing the truth. I must disclose the fact, that my solvency is at

risk from causes not generally known ; or decline the purchase, although it is offered to me." But a spirit to do that would have operated sooner, and prevented the first entanglement in the new business, from a sense of justice to those to whom he was then indebted. And clearly it would have been for his own interest, as well as theirs, that it should have been so. Experience has generally shown that *any* principle which would deter a man from diverting the capital from regular business before it can be easily spared, to make such new investments in a spirit of speculation, would operate fortunately for himself.

But when particular instances are adduced of advantages that seem to arise from a practical regard to conscientious scruples, the sceptical are apt to smile, as if the narrator were indulging his imagination, in order to make out something of poetical justice for the good, or as if he were asserting the intervention of a miraculous Special Providence, which diffidence of their own merit leads them to suppose could never be exercised in favor of persons so unworthy as themselves.

We are now speaking, however, of matters which lie very much within the limit of our own control over events. They are not sketches of poetical fancy, but well ascertained facts, founded in definite causes, just as sustenance and enjoyment begin with husbandry and gardening.

Instances may certainly be found of men, who disregard the rules of wisdom and virtue, and yet become rich and powerful. But where one such man can be pointed out, a score of others, who resemble him in

everything but shrewdness and energy, may be mentioned who have disgracefully failed.

It may be, on the other hand, that among twenty men who act with strict regard to principle, not more than one of them would be found to have become rich. But the other nineteen have probably never failed! They have earned all that they have ever spent. They have performed their portion of the labor of the world. They have its confidence and respect. Be they mechanics, farmers, or professional men; be they merchants, seamen, or laborers on the wharves, they are known as men of independent spirit who can neither be bought, nor bent to improper designs; as men who fulfil the great purposes of life, and who are regarded and remembered for their worth.

But the man, be he good or bad, who begins with the determination to be rich early in life, is most likely to be disappointed. Let him select the best example of rapid success that can be found; let him, if he can, begin with the same means, and do precisely the same things, as those did who have become rapidly rich, and he is very likely to find, in the end, that although the same course, pursued ten years sooner or ten years later, might have been successful, yet, owing to causes entirely beyond his own control, it could not possibly succeed when he attempted it; and that it required all the skill that he possessed even to avoid ruin.

In truth, the path that leads *speedily* to wealth is generally discovered, when found at all, by some accidental concurrence of circumstances. But the turnings that lead to failure and disgrace can be seen from afar; and may in most cases be avoided by

seasonable care. The father can direct his son, when he begins the journey of life, where to observe them. The great Parent of men has set up the landmarks ; and the mother can teach her boy how he is to avoid them when he enters on the highway of the world. She cannot instruct him by what means he may be enabled to ride onward, among the throng, in a luxurious equipage. But she may do much to save him from the humiliation and sorrow of those who are seen standing in tatters at the road-side, after straying in search of some imaginary short cut to wealth, and scrambling back through the mud and briars of the swamp.

The difference to him might be vast if her aspirations for his greatness, which are, perhaps, sowing the seeds of selfish and fatal ambition in his mind, should be exchanged for the spirit of real affection that would instruct him in the virtues of industry and truth.

In a word ; it does not lie with the young man, when he begins life, to say whether or not he is to be rich. But whether or not he will make a mischievous *failure*, is, in most cases, an affair that he can decide for himself.

Clear and rational views of such matters are becoming more common among us than they have been ; and there is, on the whole, encouragement to believe that we shall have men enough hereafter, who will know how to acquire the means necessary to spare a liberal allowance for the indulgence of taste and the encouragement of the Fine Arts.

But if we are likely to *acquire* the means, are we

likely to be left in the undisturbed use of them, and allowed to enjoy them as we wish? Is *property secure* among us, in the possession of the owner? We have freed ourselves from the oppressions of the great. We have no titles of hereditary power, none that imply anything more than office in the gift of the people; which office must cease with the term fixed by the laws of the land, unless the community see fit to renew it. Yet we hear complaints among us of monopolies, of overgrown fortunes, of aristocracy, of something like wrong done, by somebody or other, to those who have to work for their daily bread.

There is cause to apprehend that men who have been summoned to act as jurors upon oath, or been chosen to enact laws, have suffered themselves to be misled by empty declamation on these subjects, and have inflicted deep injustice upon private rights, or tarnished the character of our mode of government, by disregarding those established rules of property that are essential to its security. And this is done through what they suppose to be a laudable jealousy of the rich; the *rich!* almost every one of whom was once as poor as his neighbors, and has become rich just because he has been industrious, frugal, and upright; who, when he dies, is to leave his property to be divided among children, who are very unlikely to add much to their portions; and whose children after *them*, must work for their living.

If the foreigner enquires whether we are successful in our trial of new political institutions which admit of no privileged orders, we tell him that we are eminently so. We boast of it. But if these complaints that I

speak of are just, we are not so : we have failed in our experiment and have to try again.

What is a monopoly ? In respect to individuals, it is an exclusive privilege. In general it is a right given to one, or a few, to do what others are prohibited from doing ; the right, for instance, to send ships to ports of the East Indies, while others are prohibited from sending ships to the same ports. And the exclusion, the prohibition, is made for the benefit of the one, or the few, and not from a regard to the public good. But, here, we profess to make no laws but such as are for the good of the whole. Or, if the law applies to only one individual, or a part of the community, then it is to be such as is in no way inconsistent with the good of the whole. Is this rule observed in practice, or not ? Let us look into it for a moment.

In some older countries, and particularly in that from which we originated, there are certain prohibitory laws, called game laws. The man who tills the soil is forbidden, by penal acts, from shooting the birds or the animals that are found upon it, or taking the fish from the streams ; forbidden, in order that they may be preserved for other persons, who are at liberty to enter, under reserved rights, trampling over the grass or corn, and to shoot, or fish at pleasure. We, certainly, have not designedly made any such penal regulations, in this country. Yet complaints have been heard of the *game laws* in Massachusetts ! And when the discontented man is asked — what are these laws ? — he describes laws that are made for the benefit of the whole public, in order to protect fisheries, for instance, from total destruction, and not for the benefit

of certain individuals ; or he says that he is debarred from shooting on his neighbor's grounds ; as, of course, he ought to be, unless he have leave, since he can have no right to trespass upon his neighbor ; and it is for the welfare of all of us to maintain such laws as will protect the neighbor against intrusion.

The number of those who are so absurd as to believe in the justice of any such complaints, about game laws here, is probably not great ; but the misrepresentation, as far as it goes, tends to weaken the force of wholesome regulations, made for the benefit of the public, and which it concerns every man to assist in maintaining for the general welfare. Similar misrepresentations are made of more important matters.

Thus, when any person complains of monopolies among us, and is asked to explain, he speaks, at once, of banks, of insurance companies, and manufacturing companies, or the like. But no privileges are given to any of these companies that would not have been given just as readily to any other associations, if they had chosen to ask for them. Any man may insure if he likes ; and any man may manufacture if he will, either by himself or in association with others ; and if he cannot have a bank of his own, it is that the *public* may be secured from a doubtful currency.

It is thought, however, by some, that corporations, generally, are mischievous ; and that they ought not to be tolerated. If this opinion be well founded, let us have an end of them. The legislature has in most cases carefully limited their duration, which cannot be extended without new grants ; or has reserved the right to lay new restrictions ; and, at no distant period,

most of them may be brought to a close. But while they exist, let us deal fairly with them, and by rules which we are willing to have applied to ourselves ; for those who are most interested in them, strange as it may seem, are people who have nothing to spare.

When a legal dispute arises, involving the rights of such a company, one is very likely to hear it spoken of as a rich corporation that can afford to lose, and as if it were hardly entitled to the same measure of law and justice that would be applied to individuals of small property. But let the man who uses such expressions just purchase a share in one of them, which he may usually do for a moderate sum, and look over the list of those whom he finds to be part-owners with him in all this property. He will see that no very rich man has put a large proportion of what he has, at risk in that one company ; but he will find page after page, in folio length, of the names of those among whom the property is divided ; many of whom have the little all, which they rely upon for ready money, invested there. Let the cause proceed ; and let a verdict be given against the corporation, which would not be given if it were against a man of small property, just because the jury see fit to usurp the prerogative of an all-seeing Providence and take from the rich, as they call them, to give to the poor. Let the sum that would make a semi-annual dividend be absorbed in adjusting the suit, and one dividend be omitted ; what would happen then ? The rich man among the stockholders might be vexed, but he could not be seriously hurt. Intelligent and sagacious, he could sell his interest at some loss, and invest it else-

where at a profit. But the trustee would come to the cashier, or the treasurer, to enquire for the dividend ; and, when told that there was to be none, would be forced to inform those helpless people whose affairs are managed through others that their moderate comforts must be abridged. The guardian would enquire ; and be compelled to inform the promising lad at school, perhaps, that his studies must be suspended because the little patrimony which his father had saved for him yields no income. The widow would come to ask ; and return, downcast, to tell her children that she should not have the means to purchase stuffs for their winter's clothing.

With us, the corporation is an invention that enables the poor, or the weak, to do what could otherwise only be done by the rich, or the strong. And while the *corporation* may be justly called very rich, most of the *stockholders* would be found to be people who are comparatively poor.

Suppose that all such companies should be broken up. The rich man might well say — “ if the public will have it so, so let it be. It has been a convenience to lend money through a bank, or to manufacture through a company, because the directors save one the trouble of personal attention. But the consequence must be that the whole capital used in the business, gathered up as much of it has been by these companies in small sums, must be diminished, and there will be less of competition.” — The trustee or the guardian could no longer take a share in manufacturing, for those under his care ; but the rich man, in the full vigor of life, could have a factory of his

own, and with greater profit to himself, for the change. He could lend his money, too, on better terms, just because there is to be no bank. But the widow must lend hers at a still lower rate, because she cannot judge of securities and must select only from the few which her friends tell her are unquestionable.

The State of Vermont was the last in New England to adopt the banking system. About five and twenty years ago, there were but two banks in the whole State, and those very small. In a large portion of it, with which I happened to be well acquainted at the time, there was no bank at all ; and a condition of things existed there that seemed somewhat curious. While the ordinary rate of interest elsewhere was six per cent. per annum, the usual rate, there, was twelve, or even twenty per cent. The business that is usually done by a bank was in the hands of two or three rich men, who had accumulated such fortunes as seemed scarcely credible for a range of farming country and pasture like that. They were fair and estimable men, and had the confidence and respect of the community ; and the rate of interest which they required was cheerfully paid, for the people could use the money borrowed in a way to make it profitable. Young cattle, for instance, were purchased in the spring, pastured through the summer on the Green Mountains, and driven to a market in the autumn, where they were sold at prices that left a profit over all. I have known a family of well educated ladies and gentlemen enjoy the advantages of travelling in Europe, whose means consisted chiefly in a subdivision of one of those fortunes.

But, about the time that I speak of, a third bank of Vermont was established, just in that vicinity ; and the rate of interest fell immediately. Everybody, man or woman, who had a hundred dollars, which had previously, perhaps, been kept locked up in a trunk, could then lend it, with little danger of loss, by purchasing a share in the bank, which became the greatest money lender of all, and at a moderate rate of interest, that compelled everybody near to conform to it.

But my object would be totally misunderstood, if I appear to be the advocate for banks or corporations of any kind. I am only advocating the rights of property, wherever they exist ; for on the preservation of them, in a great measure, depend our liberties and most of the advantages that we aim at. If we infringe them, even in the aggregate wealth of the corporation, the most helpless members of the community are very likely to be the sufferers.

So, when we hear of overgrown fortunes, as a cause of complaint, and as a reason for disregarding the rules of right to property, it is natural to enquire, what makes an overgrown fortune ? How far may a man exercise his industry in the acquisition of property, and at what limit must he stop ?

In other countries, the rights of primogeniture are allowed. A man may leave a dozen children, but the eldest son takes all the land. Estates, too, are frequently limited by what is called entail, and one child takes the whole. The one who has the estate may plunge himself deeply in debt, but his creditors cannot seize the land and sell it. They can only get the use of it during his life-time ; and when he dies, his son,

again, will take the estate without the burthen of the father's debts, unless the father has seen fit, by a certain legal process, to break the entail. In the lapse of ages, under such laws as these, fortunes may certainly be said to become overgrown. Men who never earned a penny, and who would never be likely to do more than gain an honest livelihood, are put, at once, in possession of such fortunes as no one man would be likely ever to accumulate.

Now, among us, a man may make an entail, if he will, and his eldest son will take the whole estate, to the exclusion of all his brothers and sisters; but he may bar that entail, without any legal process but simply putting his name and seal to a paper; and if he involve himself in debt, his creditors may take the whole land forever, without regard to the limitation. Under regulations like these, we rarely see the accumulations of one age increasing in the next; and when a man complains of overgrown fortunes among us, he may well be asked, what he means by the expression? If he means that there is some fixed sum which an industrious person may acquire, and beyond which he shall not be allowed to acquire anything more; is there any one among us who would be willing to submit to such a rule? Would any one of us agree that his son, who is now coming forward in life, shall be bound within such a limit, and there stop? Probably not. Probably, there is no definite meaning in the expression. The laws of the land carefully avoid putting it in the power of any line or succession of men to make overgrown accumulations to the injury of the people at large; and when the people, either as

jurymen, or in any other capacity, attempt to go beyond the caution of the law in this respect, and break down established rules, by taking arbitrarily from one and giving to another, they usually do injustice which must eventually recoil on themselves ; for it unsettles some of their own most important rights.

There are, certainly, rich men among us ; and it is to be hoped that there may be many more. It is the basis of our plan that every man may become as rich as he can. But what greater mistakes are committed than in estimating the property of others ? It is frequently the case that, when a man dies, his property is found to have been greatly overrated ; and not uncommon to find the opposite cases, of men, who were supposed to be comparatively poor, leaving considerable estates. Any of us can point to a dozen or twenty men, perhaps, who are unquestionably quite rich. But as to others, the extent of their property is mere guess-work ; and a legal decision founded on such estimates might prove to be the very reverse of what it was intended to be. It would be easy to prove this by reference to particular cases within our own observation ; but as any such reference might give a personal character to these remarks, one instance of error in such an estimate may be given from abroad. It will serve, at the same time, to illustrate other principles that we have alluded to.

Two travellers from the United States, when providing themselves with funds, not long since, for a tour in Europe, were furnished, by their friends in London, with bills of a certain banking-house in high credit, which would serve as money almost everywhere.

While they were absent, on the continent, the managing partner of this banking-house died. It was supposed that he must leave an immense property ; for he was a single man, remarkable for having lived with the closest economy, while the business of the house was obviously profitable. To the astonishment of the world, the house itself was found, on his death, to be insolvent ; not deeply so, but there was not quite property enough to meet its engagements. On investigation, it turned out, that many years before, the house had suffered an immense loss which was not generally known, and which rendered it insolvent by a large deficiency. Immediate bankruptcy was the easiest course. But this partner had been advanced from a subordinate station to a share in the concern. To him, the name and credit of the house was the great object of regard in life. His seniors were dead ; and he thought that, by a close calculation, limiting the expenses of their families to very moderate sums, and indulging himself in nothing beyond the wants of frugal subsistence, while he avoided all business of a hazardous nature, he might eventually make up the deficiency. He had so nearly completed the task when he died, that, although the American travellers who had used his bills were personally liable upon them, and made arrangements that any claim for loss should be duly paid by their agents, no such claim was ever made.

If a dispute had arisen while this man was toiling on in the hope of freeing his house from debt, before he died, and a jury had given a verdict against him for a few thousand pounds, not so much because the

right of the case was against him, as from the mistaken belief that his rich banking-house could afford to lose it rather than some opponent who was perhaps pleading poverty to them, how deep would the injustice have been! Certainly no poor man in existence was likely to have felt the wrong more keenly than he. It is at the hazard of such injustice that every deviation is made from the rules that have been established to be impartially administered to us all. And among us, the evil is increased, because there is no substitute for that great incentive to industry which is crushed, when we strike down security for property.

If there be any serious hope that the present regulations of property which are intended to give every man his own, will give way to some plan for a community of goods, it should be remembered, that, were it possible to introduce such a scheme in practice, one alternative must inevitably come with it. Either there must be some contrivance for compelling the indolent to work, or the general prosperity must decline. Wherever this method of common stock has been adopted, with any approach to success, as among some portions of the society of Friends, *drones* are excluded, or corrected and made obedient to discipline. It can never be, that the laborer, who draws only the same share with the idler, will continue as industrious as when the whole fruits of his toil were his own.

If we look at the present condition of those countries in the East, that, as we learn from the sacred Scriptures, were once fertile in all the good things of life, where there was abundance of corn, and wine, and oil, and spices; and where raiments of fine linen and gold were common; and finding them, now, com-

paratively desolate, inquire — why they are so? — we can scarcely assign any definite cause but the want of security for property under stable laws. The earth would probably produce again, but who would till it, with care and toil, unless he could be assured of enjoying the harvest? Who would accumulate wealth that would only endanger his life by attracting the attention of the plunderer? Where there was once security for bringing forth the goods of the land, the spirit of destruction hovers, watching for prey, and production ceases.

In communities like ours, all are engaged, as if it were by concerted action, in assisting, directly or indirectly, to move great masses of property; while each is, in effect, to receive but a very small portion of it for the reward of labor. The raw material is raised from the mines or produced in the field, and the possessor sells it for so much as will support the laborers whom he has employed, and leave a moderate compensation, generally, for himself. It is, then, transported by land, or by sea, for a small proportion of its value, to the manufacturer, who gives it new forms, increasing its intrinsic worth, but retaining only a small part of its value for his skill and pains. And again it is on board the ship, freighted with an assortment of all that is desirable for some distant region. That ship, one of the highest proofs of human skill and power, is herself, perhaps, the portion that has been gradually gained by the owner in a long life of industrious labor, during which he has been assisting in this great toil of removing masses of matter for a small portion of its value, in return.

And in the forecastle of that ship, among the crew, is a *pirate*; whose principle is the reverse of all this, who, if he can only enjoy a small portion of a mass of property, would not hesitate to *destroy* all the rest. He has heard that there is money on board, and is there to get it; no great sum, perhaps, but enough to supply his carousals for a year or two. And in the dead of night, the captain and officers, with such of the crew as he could not seduce, or did not want, are murdered; the ship is scuttled, and sinks, with the principal results of all this labor, to lie buried under the waters, until the sea shall give up its dead.

If we should incur the displeasure of the Almighty, and his curse should fall upon the land; if the voice of a prophet, as of old, should pronounce our doom, and declare to us that the seed-time should not be regarded, and there should be no harvest; that the cattle should no longer be seen upon the hills, nor the voice of the husbandman be heard, would it be necessary that some miraculous deluge, or whirlwind, should be raised, to lay all in waste? Probably not. It would probably be sufficient, for this effect, to reverse that single thought which now keeps us all in regular, useful employment. To produce this desolation, it would be sufficient to say that property is *not* to be secure among us, in the possession of the rightful owner; and the spirit of the pirate would be abroad at once. The work of destruction would proceed as fearfully as the tempest of nature could effect it, and the wild beast would follow, to occupy the wilderness that would remain.

And, without any Divine denunciation, repeated

attacks on this grand principle of a republic, the security of property, would lead to the same fearful result, were it not that while we might have acted from fear of an imaginary Aristocracy, we should open the way for a real one, or a Despotism, to intervene and stop the mischief half-way, by introducing, with themselves, a conservative power. The evils of aristocracy and despotism are great; for they make injurious distinctions. But, for the sake of those distinctions, they govern with steadiness, and protect poverty for the value of its labor. The evils of anarchy are greater. It not only destroys the goods that exist, but puts an end to their further production. It not only reduces the rich to poverty, but reduces rich and poor to starvation and extinction, for it opens the war of idleness and vice upon industry, the supporter of us all.

The encouragement of the Fine Arts, among us, then, depends, in a great measure, upon the security of property; and as general intelligence and common sense are sufficient to ensure that, the cause of the arts probably rests upon a safe support. Who of us are to have the means, and to enjoy the pleasure of being foremost to cherish them hereafter, it is impossible, amid the vicissitudes of life, to foretell. Those who act on the principles that have just been considered may, at any rate, be happy under almost every variety of circumstances. On any other principles, it must be by mere chance, and for short periods, if we find happiness in any way.

This is said to be "a hard world," and the passing hour does not admit of any attempt at its defence. But one thing seems to be almost certain. For all

purposes that are necessary to develope those qualities in our nature that best deserve admiration, and to bring them into such action as will diffuse beauty and delight around us, it is just as good a world as if its general character were more favorable, in some respects, than it is.

We have often to struggle against the tide of events ; but, as a philosopher has said, while brickbats are hard and ice is cold to the sensations of every one, the incidents of life may prove to be fortunate or adverse, just according to the spirit in which we meet them.

Misfortunes do sometimes come, which no foresight can avert, and no human power can alleviate. To such, we can only apply the thought which is happily expressed by a poet of Scotland,* in his advice to the shepherd of the Highlands, on the approach of winter, when — “the woods are leafless.” He says —

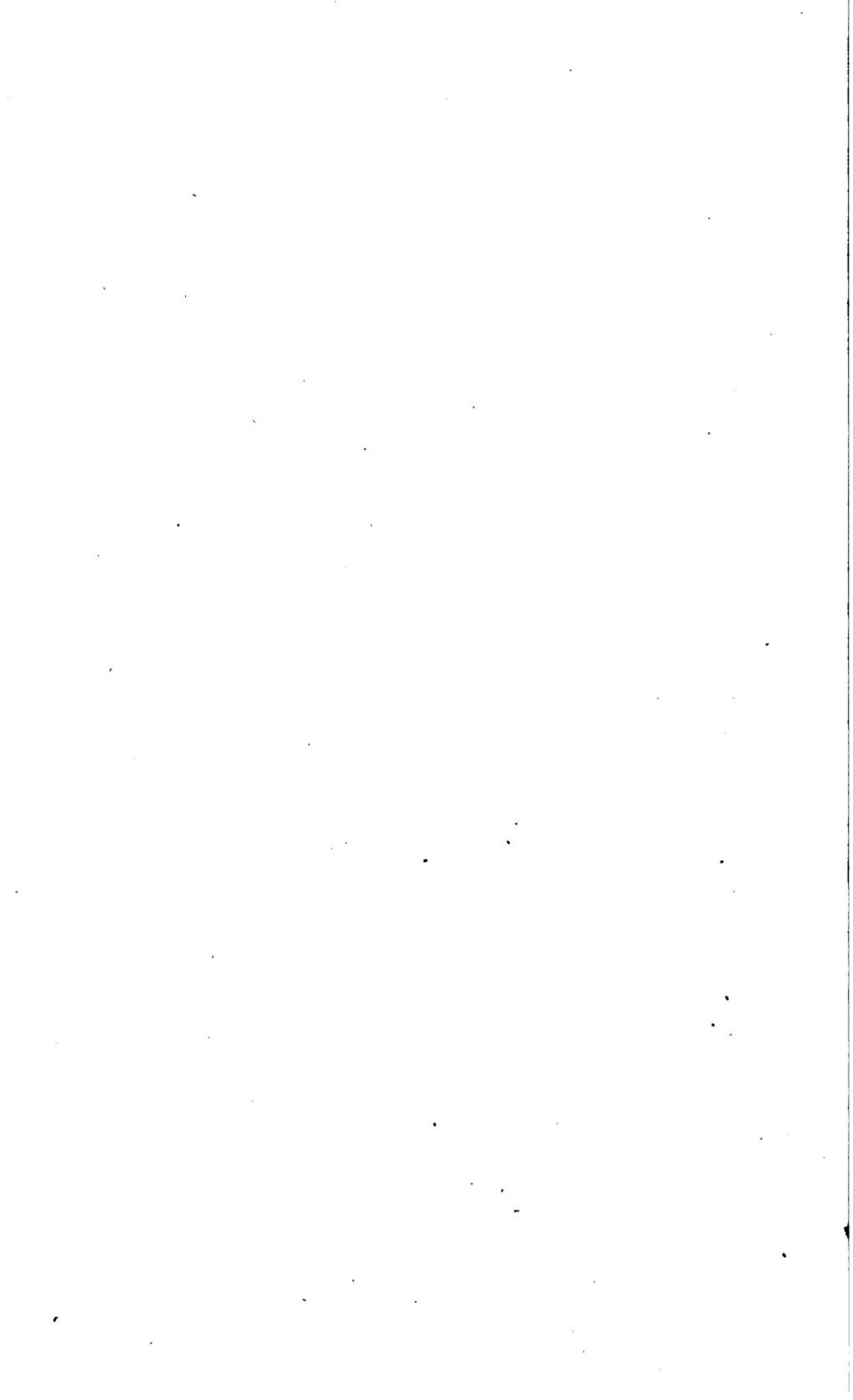
“ Beware, then, of those treacherous haunts,
Where marshy springs still rear the grassy blade
Of vivid green —
Nor linger there too long. The wintry day
Soon closes ; — and full oft the snow,
Heaped by the blast, fills up the sheltered glen,
While, gurgling deep below, the buried rill
Mines for itself a covered way, —
O'er which 'tis death to tread. — O, then,
Your helpless flock drive from the tempting spot,
And keep them on the bleak hill's stormy side,
Where night-winds sweep the gath'ring drift away.

* Grahame.

So the great Shepherd leads the flock of those
He loves—
From faithless pleasures, full into the storms
Of life, where long they bear the bitter blast;
Until, at length, the vernal sun looks forth,
Bedimmed with showers. Then, to the pastures green
He brings them, where the quiet waters glide,
The stream of life.”—

What can we desire, then, for ourselves; what can the parent wish for a child, more than to deserve what may be said of the estimable man, the friend of the artist, whom I have mentioned?

Although the occupations that engaged his attention may not have required the exercise of the highest order of ability, the spirit in which he performed the part that belonged to his lot in life, was that without which greatness is incomplete. He was industrious, intelligent, upright, just, considerate, and kind; and when he died, within his sphere of action, the world was left better and more beautiful, because he had lived in it.



Profits on Manufactures at Lowell.

A

LETTER

FROM THE

TREASURER OF A CORPORATION

TO

JOHN S. PENDLETON, Esq., VIRGINIA.

By J. C. May

BOSTON:

CHARLES C. LITTLE & JAMES BROWN.

112 Washington Street.

1845.

Rec'd Oct 22, 1843

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*Andrews, Prentiss & Studley, Printers,
No. 11 Devonshire Street, Boston.*

LETTER.

BOSTON, Dec. 1st, 1844.

SIR —

In your late visit to Lowell, you expressed surprise at some statements which I made you concerning the results of the manufacture of cotton there, and elsewhere in this vicinity ; and desired me to commit them to writing. In compliance with your request, I shall now communicate facts, which, if generally known, might change the opinions of many, who now honestly believe that undue advantages are given to manufacturers by the tariff.

It is charged upon the advocates of a protective tariff, that they support a system by which individuals are enabled to amass large fortunes "at the expense of the community." And to support the charge, reference is usually made to the establishments at Lowell in particular.

Now, the manufacturing interest of the United States involves a capital amounting to several hundred millions of dollars. But the establishments at Lowell

employ a capital of only eleven millions of dollars, ten millions of which are invested in the manufacture of cotton, with its appendages.

How is it that almost every one who wants proof of enormous sacrifices that are said to be made by the country at large for the protection of our own labor, draws his evidence from the manufactures of cotton?

Why do we so rarely hear any assertions made about enormous fortunes accumulated in manufactures of iron, leather, paper, glass, &c., or in sugar, lead, or the like?

And why is it that, in making such assertions about the results from the manufacture of cotton, all the discontented turn, as if by common consent, to point at Lowell?

It is because many very rich men are concerned at Lowell; and it is natural enough for the superficial observer to infer that their fortunes were made *there*. *This is not true*, however, of *one of them*. If a complete list of all the stockholders at Lowell were submitted to an opponent of the tariff, he might be challenged to put his finger on the name of a single rich man among them, of whom it could be said, with truth, that he had made his fortune there. They are merchants who have grown rich in foreign trade, or eminent lawyers or physicians, who have invested a part of their property there, and who have invested other portions of it in insurance stocks, real estate, &c., where, in many cases, it has yielded them a much larger income than any manufacturing stocks.

Mr. Nathan Appleton, for instance, is rich, and a large stockholder at Lowell. I mention his name,

because it has been repeatedly referred to in the public prints, on this subject ; and he is well known in public life. He has built himself a beautiful house, has a handsome equipage, and appears to enjoy all of the comforts and elegancies which wealth can furnish, so far as his taste inclines him. Now, the house, and the style in which he lives, are just the same as they were five and twenty years ago when all Lowell was mere farming land, and not a spindle had been moved or thought of there. It was not “the tariff,” then, that made *him* rich ; and whether he would not have been richer than he is, if there had been no tariff, is by no means clear.

The same is substantially true of Mr. Abbott Lawrence, who is equally well known in commercial and political life. His house is not the same that he occupied so far back. Indeed, I am not sure that he had, then, formed the ties that require a man to occupy a house of his own. But he was then a prosperous merchant. When the fifth establishment at Lowell, which completes one half the capital invested there, was about commencing business, it was proposed to his commercial house to take the agency of it and sell the goods, for the same commission that is allowed in all similar cases ; and he refused the offer. He had, at that time, become a considerable stockholder at Lowell, by the investment of property acquired in foreign commerce ; and although his firm have, since, engaged largely in business of this nature, which they transact for a very moderate commission, because they can do it on an extensive scale, his success as a mer-

chant was by no means dependent on that of manufacturers.

It is generally supposed that the manufacture of cotton in this country has been immensely profitable. Is it so?

Let us begin, at the Eastern extremity, with the York Factory. There are others in Maine to which the remarks that I have to make would apply equally well; but this is more known, because it is now prosperous, and makes good dividends of late; and that is a part of the business which the advocates for "free trade" are careful to have reported, although they are silent concerning the other side of the story. Its origin was, the downfall of a preceding company. The present one became the purchasers of property that was unsuccessfully placed there, and sold at a great sacrifice. They divide, therefore, on less capital than would have been required to build up the establishment from the beginning; and a leading cause of their present success is a *failure* in the manufacture of cotton.

When we enter New Hampshire, we find the same thing to be equally true. The "Cocheco" is founded on the ruins of the Dover Company, in which fortunes were lost, or greatly impaired. Mills and machinery which had cost the latter two millions of dollars, were turned over to their successors at seven hundred and fifty thousand dollars; and the money was used, not to divide among the old stockholders, but to pay their debts. When the Cocheco divides, then, it is upon a smaller capital than would have been required to erect the same buildings anew, and the rate of the dividend

per cent. seems proportionably higher than precisely the same earnings would have given in the Dover Company.

The "Great Falls Company," in New Hampshire, too, after years of embarrassment, without dividends, has been re-organized, and now divides largely on stock rated at two hundred dollars a share ; at which rate it has been agreed, between the old proprietors and the new shareholders, who have furnished the means to carry on the business, that its par value shall stand. But, by this arrangement, all the mills and machinery have, in truth, been turned over to the present concern at such sacrifice, that the share, which is now represented by only two hundred dollars, receives just five times the rate per cent. that would fall to the share of an original stockholder, when any dividend is made. The original share was one thousand dollars, actually paid in. Allowing for loss of interest, it now amounts to nearly \$1,500. When a dividend is made, then, of ten per cent. there is no more reason to envy the new stockholder, who gets that rate for his investment, than to commiserate the old one who receives, in truth, less than one-and-a-half per cent. on what his share stands at.

In the State of Massachusetts, the Grafton, the Ware, the Elliot and the Taunton factories, with many smaller ones that would hardly be known by their names, the establishment at Cohoes Falls in New York, and others elsewhere, may be mentioned to prove the same. It seems to be beyond dispute that, while the manufacture of cotton in this country has reduced the price of cloth to the consumer more than

two-thirds, it has not, on the whole, yielded a profit of six per cent. on the capital invested in it. Indeed, it would probably be found, on careful investigation, that it has not yielded even three per cent. per annum.

At Lowell, it has been more successful; but even there, the average of dividends since the present establishments have been completed, does not reach ten per cent. per annum, notwithstanding all that you hear of large dividends there occasionally. There are nine of those establishments in all. I will give you the average dividend of each from its commencement, taken from their own books, and including this year to its close, which has been more profitable than usual. You will observe that a deduction might be made from this average, in each case, for loss of interest, during the building of the mills and the preparation of the machinery for use, which usually amounts to ten per cent. or more, on the capital; and also for fire insurance, which each stockholder is left to effect for his own account, or take the risk himself, as he may prefer. The rate is from one per cent. to one and a quarter, but the sum insured does not usually exceed one half the value of the share. It may be called, therefore, a half of one per cent.

| <i>Name of Company.</i> | <i>Time of commencing.</i> | <i>Term of years.</i> | <i>Average of Dividends.</i> | <i>Allowance for loss of interest and for fire insurance.</i> |
|-------------------------|----------------------------|-----------------------|------------------------------|---|
| Merrimack, - - - | 1825 | - 20 years | - 12 3-4 per ct. | - less 1 per ct. |
| Hamilton, - - - | 1828 | - 17 | - 10 1-2 " | - " 1 1-10 " |
| Appleton, - - - | 1829 | - 16 | - 9 7-8 " | - " 1 1-8 " |
| Lowell, - - - | 1831 | - 14 | - 9 " | - " 1 1-5 " |
| Suffolk, - - - | 1833 | - 11 1-2 | - 14 " | - " 1 2-5 " |
| Tremont, - - - | 1833 | - 11 1-2 | - 10 1-2 " | - " 1 2-5 " |
| Lawrence, - - - | 1834 | - 11 | - 7 " | - " 1 2-5 " |
| Boott, - - - | 1838 | - 6 1-2 | - 8 " | - " 2 " |
| Massachusetts, - | 1841 | - 4 | - 5 1-4 " | - " 3 " |

Of the establishments at Lowell, then, two are considered as eminently successful. One, the Suffolk, having undertaken to make an article not before in common use, the twilled cloth called Drilling, and having had no competition in it for some years, has yielded fourteen per cent. This, with the deductions that I speak of for interest on the capital paid in before it commenced work, and for insurance against fire, is equal to twelve and three-fifths per cent. annually. The other, the Merrimack, has given, with similar deductions, eleven and three-quarters per cent. Of the others, no one can be said to have yielded ten per cent. per annum ; while several are much below that rate of profit. To explain fully what is said about loss of interest before the commencement of work on cotton, let us take the "Boott" as an instance. Careful preparations had been made to bring it into active operation with as little loss of time as possible ; and this was done more promptly than in any preceding case. Yet each stockholder who kept an interest account, found that the share for which he had paid in one thousand dollars, stood, if charged interest, at one thousand and ninety dollars when the work began. After five years, the surplus that he had received over six per cent. for his money, had only reduced this, at the beginning of this year, 1844, to one thousand and thirty-seven dollars. This was wiped off by the last dividend, which left, besides the premium for fire insurance, a small fraction over six per cent. income for the whole time.

Even at Lowell, therefore, the profits on the manufacture of cotton, taken altogether, are but moderate.

Indeed there is one fact of a striking character connected with the reports of enormous dividends that are said to be made by these companies. If one of them, after passing a year, or more, without making any dividend at all, is enabled to make a semi-annual dividend of eight or ten per cent., it is noised through the country as if the like had never been heard of in any business. But an Insurance office in this quarter lately made a semi-annual dividend of *eighteen* per cent., and nothing is said of it. Other offices, here and in New York, do the same, or more. I could name one that made three semi-annual dividends in succession of twenty-five per cent. each, and nobody complains of that.

The matter may be presented in a striking light from the experience of a very rich man among us, who returned, about fifteen years since, from the other side of the globe, bringing with him an immense fortune. It was amassed, as most of the great fortunes in the Northern and Middle States have been, without taking any concern in the cotton, or other staples, of our Southern States. This gentleman, having but little practical knowledge of the modes of business here, as he had left home in his youth, and wishing to pass the remainder of his life in quiet leisure, purchased such real estate as he wanted for his own use ; and availed himself of the aid of two old friends to invest the remainder. They are men remarkable for intelligence and sagacity ; and, with their counsel, a portion of his money was invested in safe bonds and mortgages at the usual rate of interest, which varies but little. Another portion was invested in various

insurance stocks, liable, as we know, to severe losses ; and a part was invested, also, in manufacturing stocks, selected with the greatest care, chiefly at Lowell and Springfield. He finds the result to be that his manufacturing stocks have given about eight per cent., and his insurance stocks something over twelve per cent. per annum.

Part of the misconception, as to the profit of manufacturing, arises from its fluctuations. They are as remarkable as those of commerce. At one time great profits are made ; and at another, none at all. One set of stockholders wish to have the dividends so equalized that they may always be sure of three per cent. semi-annually. They would forego the great dividends that they receive occasionally rather than to pass, as they say, "from feast to famine," as they do. Another set prefer the policy which actually prevails ; and choose to divide all that is earned, as fast as it comes in, after making due reserve for repairs, &c., and leave each stockholder to manage his own affairs, and lay up for a time of want, if he likes.

Take the "Hamilton" and "Appleton" Companies, for instance. They are not doing great things, but extremely well. Looking back for eighteen months, we find that they have made in that time three semi-annual dividends of six or seven per cent. each ; and the partisan in politics demands, with a triumphant air, whether it can be denied that they are making twelve or fourteen per cent annually ? But if we look back eighteen months further, we find that neither of these companies divided a dollar during that time ;

and that for the whole term of three years they have divided but six or seven per cent. per annum.

This is a part of the story, however, that the opponent of the tariff does not wish to have so generally known as the other. Instead of reporting it, he gives mysterious hints of rich funds kept back in reserve, from a fear of being known to divide too much ; of large commissions paid to favored individuals for purchasing cotton or selling goods ; and of great salaries paid to others, who are said to be placed in office through personal patronage, rather than for their ability to perform their duties. A few facts that are incontestable, will enable you to form an opinion, for yourself, whether these intimations are founded in truth.

The present price of the stocks in the Lowell companies varies, from the par value of one thousand dollars, up to twenty-seven per cent. advance, or twelve hundred and seventy dollars for a share, at which rate that of one company, the "Merriinack," is held. You see, then, that purchasers know how to discriminate. They have, in truth, all the information that they could desire for doing so. The accounts of the companies cannot be concealed from stockholders, to whom a full annual exhibit is always made. Still less can they be concealed from directors ; and when men are made *directors*, they do not give up the right to buy and sell shares, nor can they control two or three hundred stockholders, so far as to prevent them from putting their shares into the market or to compel them to do so. The market price, then, is the true indication of the value of the

share.* Fifty men, at least, stand ready to buy or sell, as any advantage is to be gained either way. Their calculations are founded upon an exact knowledge of what is the amount reserved; what is the stock of goods unsold, and what the latest report of prices from Canton or New York; what is the stock of cotton on hand for each mill, and what the latest price, with the tendency up or down, at Liverpool or New Orleans. Is it credible, then, that, while the money of the capitalist is hardly worth five per cent. per annum, the stock of a company which has divided twenty per cent. for this year, and has a prospect of dividing ten per cent. for the next six months, could be kept down so low as twenty-seven per cent. advance, if there were some great sum in reserve, besides all this? Or is it credible that others could be kept at ten per cent., or even one per cent. only over par, if they had any such reserve? The idea is preposterous; and it is totally unfounded. The companies are kept in good, sound condition; and, then, dividends are made as far as prudence will admit.

As to the supposition that extravagant commissions or salaries are paid, or that *any* charges are allowed

* There are 390 stockholders in the "Merrimack Company," of whom there are

- 46 Merchants and traders.
- 68 Females.
- 52 Individuals retired from business.
- 80 Administrators, executors, guardians, and trustees.
- 23 Lawyers.
- 18 Physicians.
- 3 Literary institutions.
- 15 Farmers.
- 40 Secretaries, clerks, students, &c.
- 45 Manufacturers, mechanics, machinists, &c. Among the latter 45, are included individuals in the actual employment of the Company, by whom stock to the amount of \$60,000 is owned.

which are inconsistent with the interest of the stock-holders, it must be obvious, that people who mismanage on such points, are not likely to be troubled with money that they dare not divide. But I can here, also, give you facts for your own conclusions.

The goods are sold by houses of the highest commercial standing. They give all the attention to the business and render all the services, which, by the custom of merchants, are entitled to a commission of two and a half per cent.; and they actually charge these companies only one per cent. on plain cloths, and one and a quarter per cent. on printed cloths, for which they designate the patterns.

In the purchase of cotton, a moderate commission only is allowed. If, among the agents employed for the purpose, there is one who might be thought to be selected from motives of personal relationship with any individual who shares in the management of the Lowell companies, it can be easily shown that he is also employed by others who can have no such motive to bias their judgment, whose personal reputation is at risk in making the best choice, and who give, therefore, the best evidence in the world to warrant the selection.

On the subject of these commissions generally, a striking fact may be stated. In the year 1842, the stockholders in the Lowell companies, and others near here, had become extremely dissatisfied because they were receiving no dividends, and were not likely to receive any. They therefore appointed a large committee, with authority to interrogate the treasurers and agents on numerous points in the management of

these concerns. Printed circulars were issued to the agents, and categorical answers returned, which were reduced by a sub-committee, with great labor, to a tabular form. It was then pointed out, to the surprise of some persons who supposed that they had nothing new to learn on the subject, but who really believed that a proper adjustment of the commissions would make a saving of one or two per cent. semi-annually to the stockholders, that all the commissions, taken together, did not amount to so much. If the treasurers had agreed to dispense with all such agencies, and to sell all the goods and buy all the cotton themselves, without any increase of their own salaries, it would have only made the saving of five eighths of one per cent. semi-annually, to the stockholders. This change, of course, could not be thought of; and the utmost that could be looked for, in any plan of reduction, was equal only to one eighth of one per cent. semi-annually. As this would hardly have compensated for the danger of a breach with old and well tried houses, the attempt was relinquished.

The treasurers of these companies are sometimes mentioned, in the graphic sketches that are given in the anti-tariff newspapers, as if they were a set of young lawyers turned over, by their friends, to be supported by these corporations. They are, in fact, with one exception, men of forty five to sixty five years of age, who have had long experience in commerce on an extensive scale, and to whom the management of important affairs is nothing new. In six of the companies, the annual salary of the treasurers varies from one-sixth to one-fourth of one per cent.

on the capital stock. In the other three, the salaries are higher, either because the machinery and the fabrics made are more complicated, or because unusual duties in the provision of funds, during times of scarcity of money, had been assumed by the treasurer.

In the "Appleton Company," for instance, where the capital is \$600,000, the treasurer has first to give bond, with sureties, for \$30,000, for the faithful performance of his duties, which, you may infer from that, are regarded as important. He has to direct the purchase of five thousand bales of cotton annually, part of it through agents at the South, and part of it here, in which case he inspects the samples personally, and buys it himself. He has to furnish the superintendent at the mills with money for the monthly pay-rolls and all other expenditures, and to ascertain by vouchers that it has been properly disbursed. He has to receive and examine the accounts of the selling agents, who pay over to him the proceeds of all goods sold, and to account to the directors, by clear statements, twice a year, for all the cloth made, and other property; to pay out dividends, and attend to all transfers of stock. And for these duties, he receives one thousand dollars a year, and pays his own travelling expenses. You will probably agree that this is little enough for one who is qualified to perform such duties, and that it would be wild mismanagement to entrust them to one who is not. This is one-sixth of one per cent. The treasurers of the "Merrimack" and "Hamilton" Companies having print works besides, receive one-fourth of one per cent.

From all these facts you can judge whether it is probable that earnings are concealed from the world, or paid away, from favor, in extravagant commissions and salaries.

I have yet to mention to you two important establishments at Lowell. One is called the "Locks and Canals Company," and has been the owner of all the water power and land there. It has made very large dividends. This is partly by making machinery for the mills, on which it received a good profit; while there was, on the other hand, an immense advantage in being able to get the machinery made as well and as promptly as they did it. But their dividends arose chiefly from the sale of land; and it would seem to be as reasonable to complain of those who have made money by judicious purchases of land near New York, or any other city in the Union, as to find fault because the same has been done at Lowell, by those who had the sagacity to foresee what the place might become.

The other principal establishment at Lowell is the Middlesex Woollen Factory. It is now successful, and gives good dividends. But what I have said of many of the Cotton Factories is true of this. It succeeds to an establishment which failed on the same site, and whose property it purchased at a great loss to the first proprietors. If the whole were taken as one concern from the beginning, it would show but an indifferent result.

The same is true of most of the other Woollen establishments in this vicinity, that now appear to be successful. They would require still further success to

make up a good average, if early losses were taken into view.

If you will take the trouble to inquire into the history of the manufacture of iron in the middle and western States, I think that you will find a dark chapter of the same nature there, whatever may be the prosperity in some cases; while you will find, too, that nails, for instance, which used to cost fourteen cents a pound, instead of rising to twenty-two cents, when a duty of eight was laid to protect the manufacture, have fallen to five cents or less.

The great effect of the tariff, then, has been, not so much to promote the benefit of the manufacturer, as that of the consumer, by reducing the price of useful fabrics. And this is so well understood by the community here, that many people who have money to invest, have steadily refused to risk any of it in so hazardous a business as that of manufacturing.

It has been alleged that the pursuit of this business, causes mischievous effects in one or two particulars, that require a moment's consideration.

It has been asserted, in some of the New York papers, that the farms in the vicinity of Lowell, have fallen in value; because, it is said, "that the farmers are made tributary to the growth of the place." Is it credible that there can be any ground for such an assertion? Suppose such a city as Lowell, with twenty thousand inhabitants or more, to spring up in any part of Virginia; would it not inevitably raise the value of all the farms near it, by creating a new market for their produce? and would not the very Chinese, who would wear the cloths manufactured

there, be contributing to the value of land in Virginia?

It is said, too, that a manufacturing population is likely to become demoralized. Of one thing, however, you will be easily convinced, after having seen the population at Lowell. It is, that the general standard of morality among the young women there is higher than that of the towns and villages from which they come. From personal residence and observation in such towns, I am satisfied that it is so. They dress better, become more intelligent, live independently, and aim at something higher than before. But do they conform to the standard which they find?—you will ask. After allowing for all the frailty that is likely to be found among five or six thousand people, of either sex, or of any age, who are brought together under such circumstances, it seems probable that they do; and for one reason that tends to compel conformity. They live together in good houses, provided by the corporations, in families of fifteen or twenty, under a matron, in each, whose character has been scrutinised by a Superintendent. The reputation of each family is important to the inmates. They sleep, five or six in the same chamber; and if any one gives indications of irregularity or impropriety, it cannot but be known to the rest; who, for the sake of their own character, give information themselves, and insist on the exclusion of any offender. They are acquiring the means to facilitate their own connexions in matrimony, and look forward to that; and thorough investigation will probably satisfy any reasonable person that the young women at such a place as Lowell, and

others in this quarter, are rather improved than injured by their residence there.

In respect to any feeling of a sectional character that may be supposed to exist in some parts of the South, concerning a protective tariff, there is one consideration that might be supposed to have great weight with any reflecting man. It grows out of a change in the course of trade, such as is suggested by the present state of business in China, according to the report of the market, given in a commercial letter, received by the last vessel from Canton,

The stock of cotton lying on hand in that port, on the 1st of July, was 115,000 bales. It was reported as being of less value there than elsewhere; and a leading cause assigned for its depression is the importation of ready made cloths, in large quantities, and at so low prices, that the Chinese find less advantage than formerly in buying cotton to work up, themselves.

Now, whose cotton is it which the Chinese begin to decline using, after having long been great consumers of it? It is all cotton of British subjects, carried from Bombay and Bengal. And whose cotton is introduced into China, in the shape of cloth, to such an extent as partly to drive out the use of that coming from the British possessions? It is the cotton of South Carolina, and other States at the South. And by whose agency is the one substituted for the other, with great benefit to the planter of that which is most used? It is the agency of the manufacturer at the North, whose skill presents the staple of the South to the world under the greatest possible advantages, as you

know from your own observation when representing the United States in South America.

Who would suffer, if the tariff should be so changed as to drive this manufacturer from his present occupation into some new business, and leave the whole cotton crop, or nearly all, to be turned over to the English, without competition from us? Probably the South would be the first to cry, "enough."—"Give us a Tariff."

It might be amusing to imagine the reception that would be given in England to a request from us, that, in consideration of such a change, the corn laws might be repealed, and "free trade" opened between us; while two thoughts, of a very different character from that, would have been suggested there: one, that her new power must be used to bring the cotton of her own possessions, by some means, into use before ours; and the other, that our own cotton must be returned to us in cloth on such terms, that she might levy something to compensate her manufacturers for the profits which they have *not* made for the last twenty years, while our factories were at work. It may be said to this, perhaps, that the English are now proposing to remove all duty whatever, on our cotton. It is true, that they seem likely to do so. But what is the cause that prompts them to this measure? It is the same that led to its reduction from about six cents a pound, which it used to be, to the comparatively trifling rate, being less than one cent, that is now imposed. It is the progress of manufactures in the United States. The duty is removed in order that the English may the more successfully withstand our competition.

And if, through the abandonment of the protective system, our factories should be broken down, the motive for introducing American cotton into Great Britain free of duty would cease, and such a duty on it would probably be imposed anew, as would be necessary to give decided advantage to that from the British possessions.

If any man supposes that the importation of foreign goods falls off, on the whole, because we manufacture with activity and confidence, under a safe tariff, rather than, cautiously and without spirit, under a low one, he had better examine the Treasury reports of revenue, and talk with some *American* importer, who will probably say, that his importations are largest and safest when we have a good tariff. The thousands of people whom it draws out from the obscure towns, (where one woollen dress and two checked aprons, spun, with her own wheel, make the chief dress of a young woman for a year,) to become the purchasers of foreign articles in a large place, do more for the importer than he could effect in their absence, if they were left at home, and our manufactures reduced to make way for "free trade."

During the depression that existed eighteen months since, it was intimated to Mr. Lawrence, that his firm were expected to reduce the rate of their commissions for selling the cotton cloths. He answered somewhat to this effect—"We do this business, now, for as little compensation as is required by a banker in London for just receiving money with one hand and paying it out with the other. We were not anxious to have it; leaving, as we did, a good foreign business

to undertake it. Still, if you can really get it well and safely done by others, for less money, by all means do so. But if you are troubled with the belief that I am growing *too rich*, there is one thing that you may as well understand: I know how to make money, and *you cannot prevent it.*"

Language somewhat similar, but in no offensive spirit, may be used to the discontented planter or others, by those among us who have invested part of their property in manufactures. "If you can show the laws to be unjust, alter them; and let them stand fixed and unchangeable, as justice would dictate: only, *fix them.*—But if you are disturbed at our seeming prosperity, you may as well understand that we know how to gain wealth in regions where the cotton, rice and tobacco of the South are scarcely thought of; and *no legislation can prevent it.*"

It is to be hoped, however, that examination of this subject will convince every one that the system, which is thought to be so favorable for one portion of the country, is in truth, promoting the advantages of the whole.

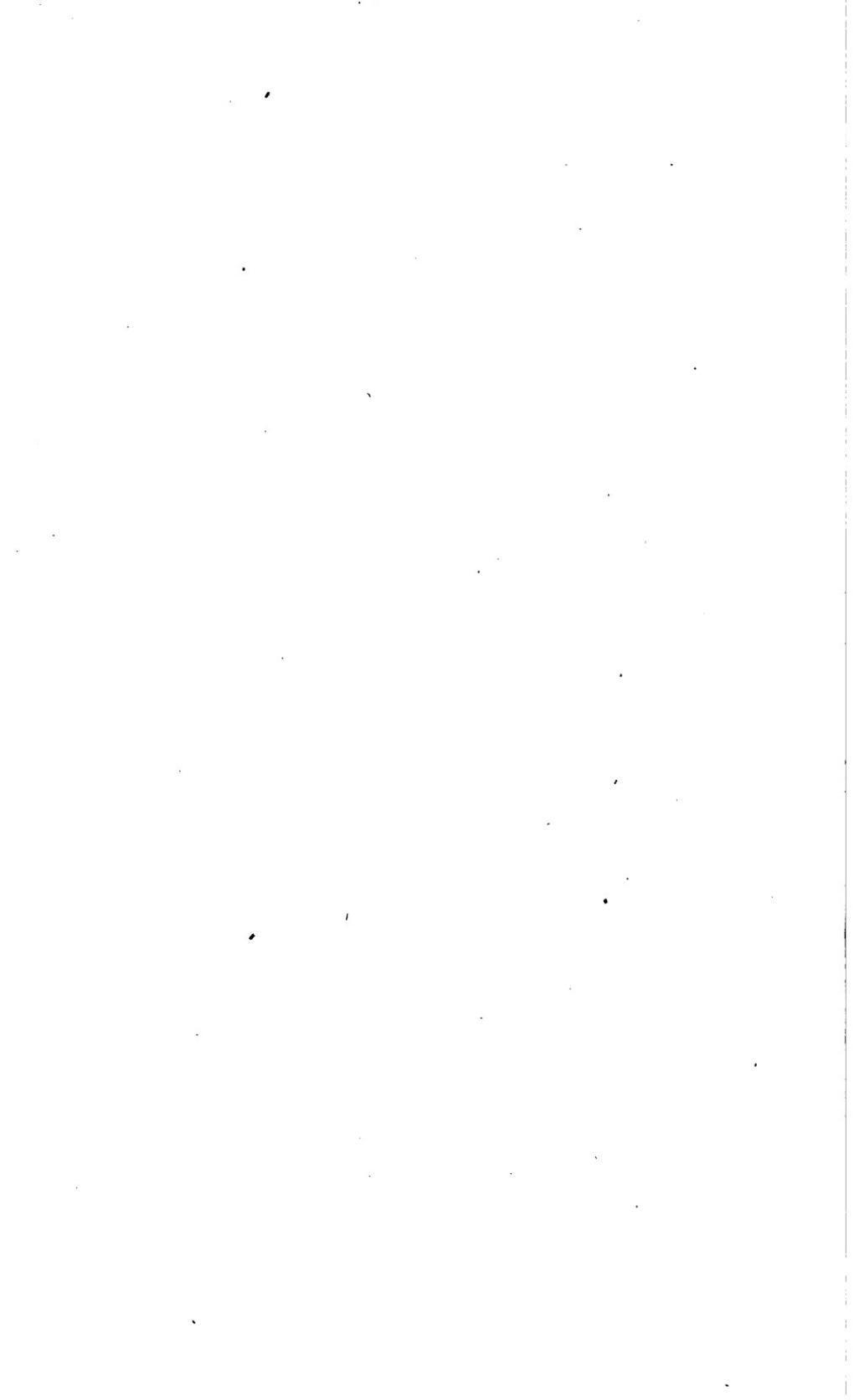
I have endeavored to state facts in such a way that you or any reader of this can easily test their truth by other means than my assertion.

I am, dear sir,

very respectfully yours,

THOMAS G. CARY.

Treasurer of the Hamilton Manufacturing Co.



Rec'd Oct 22. 1846

Sp. Co. of H. & A. 111.

AN ADDRESS

DELIVERED BEFORE THE

MERCANTILE LIBRARY ASSOCIATION OF BOSTON,

DECEMBER, 1845.*

BY THOMAS G. CARY.

I PROPOSE to address you this evening on the subject of that portion of the common business of life that is managed through banks. It is not my intention to go learnedly into their origin and history, or to attempt any grave speculations in political economy concerning the effects of banking on affairs of state. My object is rather to present a plain view of its practical operation, so that those who hear me may carry away with them a clear conception of what ought to be done by banks, and some aid in judging whether it is done. I infer that information of this nature may be generally useful, from having observed that many persons receive any short statement of the actual process of this business as if it were new to them ; and that even learned men, who sit in halls of legislation to make laws for the management of banks, sometimes say and do things which they would themselves declare to be preposterous, if they had the practical experience of a single month in conducting one. I was once present in a distant part of the Union, when a man, distinguished for eloquence in the last Congress, at Washington, rose in the legislature of his native state, and denounced some of his own constituents in severe terms for placing a certain bank in a position, which, from his own statement, was clearly a very sound and proper position, although he did not know it until a few well-known principles were explained to him, when he readily retracted. There have been instances, too, among our own legislators, of similar injustice, without the like admission of error.

There are, doubtless, some persons present here, who know already all that I can say upon the subject. I crave their indulgence, while describing what may be familiar to them ; but what will have the interest of novelty to others, who are, perhaps, to become bank directors and legislators, and who will apprehend more readily what they may hereafter be called to undertake, from having borne in mind an outline of the matters on which they are to act.

I crave their patience, too, in behalf of another portion of the audience,

* First published in "Hunt's Merchants' Magazine."

the ladies, who always perceive readily what is clearly stated, and can comprehend all that need be said upon the subject as well as any of us. Their own interests are often involved in the management of the banks. They are sometimes depressed, too, by the sight of grave countenances at home when there is trouble at the banks; and they are occasionally doomed to listen to discussions by no means exhilarating, which would be less wearisome to them, if they understood enough of the leading points to form opinions for themselves on what is said in their presence.

Their opinions, too, often furnish useful suggestions, when proper information is placed within their reach. Some men have, perhaps, owed their escape from failure to conjugal advice; and many a one, probably, has suffered evils which he would have avoided, if he had furnished the inseparable partner of his fortunes with the intelligence necessary to enable her to see clearly what he was about. It is characteristic of human frailty in unburthening the heart to prefer a listener who is not likely to discover more of error than one chooses to disclose. Like skilful dealers in paintings, who are careful in choosing their lights, men often hold up the picture of their troubles in such view as shall give prominence to misfortune, and keep fault in the shade. As they often impose, in this way, upon themselves, so they are sometimes insensibly cautious not to draw forth counsels that might be salutary, because they are, for the moment, unwelcome. Thus they lose the best benefit of that tender regard, of those nice perceptions, and of that instinctive sense of right closely allied, as it is, to wisdom, which they might call to their aid when in perplexity and distress.

A bank is generally supposed to be a place where a great quantity of gold and silver is, or ought to be, kept locked up; and from which bills to a large amount are issued, to be kept in circulation and to represent that gold and silver lying in the vaults. This supposition is in a great measure a mistaken one, as I shall attempt to show.

Let us suppose that a hundred persons of those present here, contributing one thousand dollars each, should combine to establish a bank with a capital of one hundred thousand dollars. Their purpose is to lend the money at the legal rate of interest, 6 per cent, and they hope to receive 6 per cent for what they contribute; otherwise they would prefer to use their money in some other way.

But in order to divide 6 per cent every year, among themselves, they must contrive to earn that rate of interest on more than one hundred thousand dollars; for they have to pay the rent of their banking house and the salaries of a cashier and a clerk, or clerks. They have, likewise, to pay an annual tax to the state of 1 per cent, equal to one thousand dollars, for the privilege of banking. In order to divide six thousand dollars among themselves, then, they must earn what would amount to eight or nine thousand dollars, that the surplus may cover the expenses attending the transaction of the business; and instead of one hundred thousand dollars, they must, to do this, lend nearly one hundred and fifty thousand dollars.

Their proceedings are regulated by the laws of the land, and they who make the laws know that more than one hundred thousand dollars is to be lent. The law only provides, in that particular, that the loans shall never at any one time exceed two hundred thousand dollars, or double the capital.

A board of directors and a president being chosen to decide upon the loans, and a cashier to make the loans, they commence the business with a hundred boxes, of one thousand silver dollars in each. Merchants and traders, who have sold goods on credit, apply for loans to meet their own

immediate payments which are becoming due ; and as security for the loans, they offer the promissory notes which they have taken from their own customers for the goods sold, putting their own names on the back, endorsing them as it is called, to make themselves, as well as the promisors, liable to the bank.

Let us suppose that on the first day, the directors should approve of loans to the extent of one-quarter of the capital, or twenty-five thousand dollars, on such promissory notes as would be payable in about four months.

The cashier would then proceed to pay out what passes as money for them, deducting two dollars, or thereabouts, on every hundred for the interest which is earned by the bank for one-third of the year. He would not use his silver dollars in paying out what is thus lent, but would give, instead, the bills of the bank, which are its promises to pay when called upon. Thus—

State of

Massachusetts

No. 6475

A

The

President,

Directors & Co. of

THE NEW ENGLAND BANK

Promise to Pay One Dollar on demand

to the Bearer.

Boston, Jan. 1, 1844.

E. P. Clark, *Cash'r.*

P. Marett, *Pres't.*

The borrowers would then use these bank bills in paying their debts or making new purchases ; and as the bills pass into other banks, or into the hands of those who want hard money, for remittances to Europe or otherwise, they would be returned to the bank that issued them, and be redeemed by the silver dollars from the vaults, which would then be paid out.

Of course, in four or five days of such business, the whole capital of the bank would have been lent ; and if the directors should stop there—if the bank bills for the money lent should have been all brought in, and all redeemed by paying out the silver dollars, there would be no specie left in the vault, except the two thousand dollars, deducted for interest. Yet the bank, after parting with the dollars, would be perfectly strong ; no power on earth could break it ; for all its debts would be paid, and no person would hold one of its bills to make a demand upon.

The cashier might lend the remaining two thousand dollars, and still the bank would stand firm, though every other bank in the country should fail ; provided he should lend no more for three or four months, when the notes that he had taken from his borrowers would begin to fall due. As they are paid in, he would have money to lend again. And even if the promisers and endorsers should all fail to pay their notes, still the bank would not fail ; for it would owe nobody, though the stockholders would lose their money. Supposing the notes to be punctually paid, however, as they usually are, he would continue lending the money over and over again as it comes in. But, confining the loans to one hundred thousand dollars and the earnings, there would be but six thousand dollars earned at the end of the year ; and deducting from this the expenses and the tax, there would be only four thousand dollars, or 4 per cent, left for the stockholders.

A bank that was managed with great caution was once very much in this position, when a friend of the cashier called upon him, and taking him

aside, with a grave face, said, "I heard it asserted just now that you have not five thousand dollars left out of the one hundred thousand silver dollars that were lately paid into your new bank, and I hastened to tell you that you may show me your vaults, and give me the means to contradict the rumor."

"No," said the cashier, "the rumor is all true. What use do you suppose that I have for the silver?"

"Why, to meet the run upon your bank, which must certainly come when this state of your affairs is generally known," was the reply.

"Let the run come," said the cashier, "and by way of beginning it, do you go into the street, collect all of our bills that you can find, and bring them to me, and I promise to give you hard dollars for them."

After some time his friend returned to say that he had not been able to find any of the bills of that particular bank, excepting a solitary one for five dollars, for which the silver was immediately offered him.

"Just so," said the cashier, "almost all the bills that I have issued have already been sent in, and I have paid out the silver for them. But in doing so I have emptied most of those boxes of dollars. The money was given me to lend; and I have lent it for about four months. But I could not lend it and keep it too. I have, therefore, very little gold or silver in the vaults. So long as I have the small amount that is necessary to redeem the few bills that remain out, and the two thousand dollars which I have earned for the stockholders, I am easy. You may go back to the street, if you will, and defy the world to break our bank. We shall lend nothing more until the promissory notes that we have taken as security begin to fall due. As they are paid in, with hard dollars, or the bills of other banks, we shall have the means to lend money again."

If the matter has been clearly stated, it will be perceived that the cashier was perfectly right.

"But where then," it will be asked, "is money to come from for the tax of 1 per cent on the capital, and for the expenses of banking, if the stockholders expect to receive 6 per cent for themselves? How is the loan to be extended to one hundred and fifty thousand dollars on a capital of one hundred thousand dollars?"

It is in this way. The cashier reports to the directors that although he has issued bills for about one hundred thousand dollars, only seventy or eighty thousand dollars have been brought in, though some time has elapsed; and it is supposed that the remaining twenty or thirty thousand are in the pockets of people who want them for daily use as a circulating medium, preferring them to specie, for convenience, so long as they know that silver or gold can be had for them whenever required. It is inferred, then, that it will be safe to make short loans of fifteen or twenty thousand dollars more on the strength of this, in the belief that a similar amount of bills will always remain in circulation, which is usually the case.

Here the danger of any future trouble begins. The cashier likewise reports that large sums are left with him on deposit for safe keeping; and that, although large sums are daily taken out, yet so much is replaced by fresh deposits, that the amount left with him by depositors never, on any one day, falls below fifty thousand dollars. It is concluded, therefore, that it will be safe to lend twenty or thirty thousand dollars of this also on short loans.

Instead, then, of confining the loan to one hundred thousand dollars, it is extended to one hundred and thirty or one hundred and fifty thousand. And instead of receiving only six thousand dollars in a year for interest, the gains amount to eight thousand or nine thousand dollars, thus furnish-

ing two or three thousand for the expenses of banking and for the tax to the government, besides leaving 6 per cent to be divided among the stockholders.

We have seen that while the bank confined its loans to the capital, it stood strong and could never fail, whatever might happen to its stockholders, or to the rest of the world. When it goes beyond that limit, it becomes exposed to the fluctuations of commerce. When they grow dangerous, the bank must be brought again, as speedily as possible, within the limit of safety, to the great inconvenience of borrowers, who find themselves deprived of its aid just at the time when it is most desirable.

If what is called a pressure for money should come, then, when the loan is extended to one hundred and fifty thousand dollars, if the bills that are in circulation should be gathered up in order to demand gold and silver from the bank for them ; and the depositors, finding a want for all that they have, should begin to withdraw their deposits, the bank must curtail its loans. But how far must it curtail, and how soon can it be done ? One hundred thousand dollars of the loan belongs to the bank ; and, as we have seen, may always be kept lent out on interest. There need not, therefore, be any curtailment of that. Of the other fifty thousand dollars which the directors have ventured to lend on the strength of deposits and of circulation, the whole need not be called in. Unless the bank fails entirely, it is scarcely possible that there should ever come a time when there is not some money to be left in the banks on deposit, or when some bills are not absolutely required for circulation ; and some of the bills are likely to have been lost or destroyed, so that they can never come back. If we suppose the loan to have been reduced as notes are paid in, by thus retaining thirty thousand out of this fifty thousand, so that the bank owes only about one hundred and twenty thousand dollars, we shall have as great a reduction as takes place, usually, in times of great scarcity. And how soon can this reduction be made ? I have spoken of the notes taken for the loans as having four months to run. But that time is meant as an average. If the affairs of the bank are judiciously managed, the loans have been so divided in time that receipts are constantly coming in, and a due proportion of the notes are falling due in each month ; so that in less than sixty days the regular receipts would probably amount to the sum required. If no new loans have been made during that time, the bank has then taken care of itself, as the directors are bound to see that it does, whatever may happen to themselves or others. It stands strong, and it may go on to lend again any of the money that it has to receive, as it comes in from the payment of other notes.

Thus it appears that the reduction in such cases is but one-fifth of the loan, which does not seem to be a great proportion. But how does it affect the community ? Money becomes more scarce—sometimes distressingly so ; and people are variously affected according as their characters and circumstances vary. In general, however, business that is founded on hearty, cheerful industry, on accurate information, adequate capital, and hardy enterprise, moves on undisturbed. But among the speculative, who regard labor as drudgery, and suppose that by some breeze of good luck, they may glide away from all need of work, it is otherwise. With them the beautiful mirage of imaginary prosperity begins to vanish, and to disclose the iron-bound coast of bankruptcy ; while the wind is heard rising that may drive the startled adventurer upon the rocks. What passes at

such times leads one to take a new view of the well-known story of "the sultan and the shirt."

The sultan was afflicted with a grievous disorder, and had obtained no relief from those around him, when there arrived at his court a celebrated hukim of great learning and skill, to whom the sultan described his sufferings. "The case is a plain one," said the hukim, "and the remedy simple. It is only necessary to find a man who is perfectly happy, and to wear his shirt." The sultan ordered inquiry to be made, but no such man could be found in his dominions. He then set forth himself to continue the search in foreign lands. At length he succeeded in finding one who was entirely happy; but, unfortunately, the man had no shirt!

If the hukim had reversed his prescription, and the sultan had come among us in search of some person, who was perfectly *wretched*, what I have observed of life would have led me to recommend, that he should leave the beggars, and make close search in State-street, on the Exchange, some day when money is scarce, and the banks are rapidly curtailing their loans.

From this outline of the ordinary course of the business, it is obvious, that a bank is not, as is often supposed, a place where a great deal of coined money is kept locked up; nor is it necessary that it should be so. Neither is it true that the bank bills, which are usually in circulation, represent just the same amount of gold and silver lying in the vaults. They rather represent the means which the bank has of obtaining gold and silver whenever it becomes necessary to redeem its bills. Those means consist of bills of other banks, left by depositors, and notes of hand falling due from day to day. Some hard money is required, of course, that the bank may be ready to meet promptly any demand that arises. But it is found in practice that an amount equal to one-tenth of the capital, is an ample reserve for any emergency that is likely to arise, if the business is managed with ordinary caution.

It appears, too, that by thus combining the property of numerous individuals, a new creation of property springs out of it. While the small sums which people have to invest in bank shares can be more conveniently lent in large sums; even those sums which they could not venture to lend at all, their deposits for immediate use, are made the basis of loans, by taking the average of what the whole community keep on hand from day to day as deposits. And further, the trifling sums which they carry in their pockets for circulation are also made the basis of large loans. In this way, while the capital of all the banks in this state is but thirty millions, the public are accommodated with loans from it to the extent of forty or forty-five millions of dollars. It is moderate to say that this has led to an increase of population in the whole country, equal at least to half a million of persons, who have gradually been brought into existence to subsist on the use of capital that grows out of this extension of loans.

If our government should change their policy, and abolish banks, there would be trouble in consequence, until this additional population should be starved out of existence again, or crowded into new modes of life. We have had some lessons of this sort in the last ten years, and may soon have others of like nature from changes now projected.

There are some other considerations, arising from the view that has been presented, which deserve notice.

One point of great importance that must be obvious, (or would be so on a little reflection,) is, that the bank must be kept in a state that will ad-

mit of the ready contraction or expansion of its loans. There must be elasticity throughout the whole mass of its securities and means.

If the directors of the bank that I have described were to say, "this capital, this one hundred thousand dollars, at any rate, belongs to the bank, we may lend this as we like, provided the security be only good;" and if they were to act accordingly, and to lend this money by mortgage on the security of houses and lands for a term of four years, instead of four months, and then proceed to lend fifty thousand dollars more on the circulation and deposits as I have mentioned, what would follow when there comes a pressure, and they find it necessary to reduce the loan from one hundred and fifty thousand to one hundred and twenty thousand dollars? Where is the thirty thousand dollars to come from then? They want to place the bank in a safe condition within thirty or sixty days, by keeping the money that is paid in during that time, and lending nothing. But two-thirds of their funds are placed where they could not be recalled, probably, under two or three years; and to make the bank easy by receipts that are to be derived only from the other third, would take three times as long as if they had lent all the money only on notes that had but four months to run.

Such delay might cause the ruin of a bank; and it probably did compel one in Boston to stop its business and close its affairs. A few years since, it was reported that a certain land company, after selling a great number of lots for building in this vicinity, on long credit, and taking mortgages for most of the purchase money, had then made a negotiation, by which it was agreed that one of the banks here should take those mortgages as security for the loan of the greater part of its own capital. A man of some experience as a director, remarked, on learning this, that if the report was true, that bank would probably fail. And within eighteen months it was found to be insolvent; at a time, too, when all the banks, owing to peculiar circumstances, were receiving great indulgence from the community in regard to their liabilities.

A bank that ceases to preserve this elasticity, this power of contracting or expanding its loans at short notice, can never issue bills with safety.

The banks for savings lend money on long mortgages, but they issue no bills. No other banks can gather up claims upon them in order to demand gold and silver. Nobody can come upon them but their own depositors. They can only call for payment in moderate sums; and they rarely want them, if they can only be satisfied that the trustees of the savings banks have good mortgages to show for their deposits.

Another eminent instance may be adduced, to show how fatal an error it is for a bank that issues bills to lend largely on long securities that will not yield the money promptly when it is wanted.

When the last national bank that has existed in this country was brought to a close in 1836, with a capital of thirty-five millions of dollars, belonging chiefly to foreigners, the president, Mr. Biddle, had obtained a charter from the state of Pennsylvania for a similar bank, so far as a state could make one, with the same amount of capital, and using the same name, "the Bank of the United States." Of course, the state could not give the peculiar privileges that belong to a national institution. But all defects were overlooked in the desire to retain so much capital for banking. Most of the stockholders in the national bank consented to transfer their property to this new Pennsylvania bank.

Those who preferred to receive their money back, easily obtained it,

and more, by the sale of their shares. All of them might have received back from the bank that was then closed, all that they had ever invested, if they had decided to do so. No investigations or developments, that have been made since, have furnished any reason to believe that there was a deficiency in the funds of the National Bank of the United States; and it may be asserted with confidence that no *national* bank has ever failed in this country.

But the new bank, that of the state, was found to be an imperfect substitute for the other. The capital could not be used as it had been, and was applied to new purposes. It was lent on long loans. The securities were injudiciously and improperly chosen, surprisingly so; and the failure of this Pennsylvania bank, as is well known, has been so complete that the shares are almost totally worthless. But, bad as the securities were, the wreck could not have been so entire, there would have been something left for the stockholders, if Mr. Biddle had not combined these permanent investments with the liabilities of a bank that issues bills. Having borrowed money in Europe to meet the engagements of the bank, and continue its operations, he was obliged, for instance, to pledge as security large amounts of state stocks, payable in ten or twenty years, which he had taken in place of merchants' notes. And these pledges not being seasonably redeemed, the right to sell them was enforced by the lenders, at a time when state stocks had fallen into discredit; and the loss upon them was enormous. Could the sale have been deferred until the states should make arrangements to resume their payments, the stockholders, who now get almost literally nothing, might, perhaps, eventually secure a third or a half of their property.

The bank in Boston which I have just mentioned as burthened with long mortgages, very soon ceased, either through wisdom or necessity, to lend money. Its affairs were slowly wound up, and its stockholders have since received more than nine-tenths of their capital. Yet it would be easy to show, by stating particulars, that if the bank had attempted to go on by borrowing money, and been compelled to sell its mortgages when depressed, as they were at one time, the stockholders would, like those in Mr. Biddle's bank, have received nothing.

It will appear, from this view of the subject, why it is that none of the advantages have been realized which were anticipated from the laws that have authorized "free banking," as it is called, in several of the states. In New York, and elsewhere, authority has been given for any set of men who place stocks, bonds, and mortgages, in the hands of the comptroller of the state, to issue bank bills for circulation, in due proportion to the value of such securities, the comptroller having the power to sell the stocks, &c., whenever the banking association fails to redeem the bills with hard money; for which latter purpose, a certain amount of specie is to be kept constantly on hand. A banking company founded on such principles finds itself at once in the condition of a bank that has put out most of its capital on long loans. Having but little money coming in, the moment its specie is used up, it must come to a dead stop, and can lend nothing more without borrowing, itself. The only positive result of such laws appears to be, that any set of men, who choose to establish a bank, by paying in the capital in the usual way, may do so, and go forward at once, without asking for a special charter.

The proper securities, then, for a bank to hold, are commercial notes and bills falling due within a short period; what is called business paper.

Thus, when the man who applies for a loan offers the note of another person, to whom he has been willing to sell merchandise on credit to the amount of the note, the directors know that he, who has a strong interest to ascertain the truth, believes that the promiser can pay his debts. The note is founded on a real transaction in business, and if their own judgment coincides as to the standing of both parties, they are usually glad to lend money on such paper, if payable within a few months. One or the other of the parties may fail before the note will fall due. But it is found in practice to be highly improbable that both will fail within that time, unless there be some closer connection between them than appears.

But if the directors see reason to believe that the note was not in truth given for the purchase of goods, that it was just made for the occasion, because the rules of the bank require two names; and, therefore, that it is not to be paid by the party who signs it, but by the one who endorses it, then the directors regard it as accommodation paper, and receive it with more caution. Such paper is usually avoided, as an indication of weakness among business men, and is rarely taken by bank directors unless its true history be disclosed, and one of the parties, at least, be particularly deserving of credit.

Constant practice gives the directors considerable skill in forming judgments on matters of this nature, as may be inferred from the infrequency of losses by failures to banks that are well managed, even when individual merchants lose largely. Numerous instances might be adduced to prove this. I take the most convenient one, the result in this respect of ten years of business in the bank with the management of which I have been myself connected since the year 1832. Its capital is five hundred thousand dollars. Being lent on an average which rarely exceeds four months, it is paid and lent out again as often as three times in a year. This would make a million and a half of dollars lent; but if we add the loans that are made beyond the capital on the deposits and bills in circulation, the whole amount of loans would exceed two millions annually. At the expiration of ten years, then, from 1832 to 1842, the bank had lent at least twenty millions of dollars, chiefly upon such securities as I have described. During that period, which was one of severe trials and failures in the commercial world, the total losses of this bank were four thousand one hundred dollars. Of this sum, about two thousand dollars were lost by the failure of another bank, whose bills it held. Two thousand dollars were lost by the forgery of a note that was proved not to have been signed by the man whose name was affixed. And only seventy-three dollars had been lost in the whole ten years by any error of judgment in the directors, as to the solvency of the parties they meant to trust.

The laws that have been made for the regulation of banks present another subject for passing attention. When a bank fails, the injury done is felt, usually, by so large a portion of the community, that it is quite natural that general indignation should be excited. The conclusion that is immediately arrived at is, as in most other cases, where wrong has been done, that somebody ought to be punished for it; and many people are more zealous to see the punishment inflicted at any rate, than they are scrupulous to ascertain that those who are to suffer it are really those who deserve it. The directors, and the stockholders who appoint them, are immediately looked upon as culprits, and there is an outcry for laws that shall inflict condign punishment on all directors and stockholders for any such mischief in future.

It is said that, at one time, assassinations in the streets of Venice had become so common, that laws of unusual severity were thought to be necessary; and orders were given to arrest all persons, whoever they might be, that should be found near the spot where the life of any one had been attempted. The consequence was, that, whenever a man had been stabbed, every one near him fled directly, and the wretched victim was left weltering in his blood, without assistance from any one, until police-officers should chance to pass; and instead of securing somebody to punish, they could no longer obtain even testimony of the facts. One is reminded of this in reflecting on the laws that have been projected in relation to banks.

About fifteen years since, during a period of great hostility to the banks in the state of New York, where I then resided, a law was framed imposing heavy pecuniary penalties upon directors, and even subjecting them to fine and imprisonment in cases of apparent delinquency. The plan was no sooner made generally known than it was abandoned; for the legislators at Albany found that most of the bank directors in the state, whose services were of real value, were preparing to resign on the passage of the law, leaving the management of the banks in the hands of such men as were most likely to produce the very evils which it was their design to prevent.

However scrupulous a director may be in the discharge of his duty, it is impossible for him to answer for the conduct of those with whom he is associated, unless he should give up his own business, and pass the day in the bank. Penalties, too, have but little terror for those who are not restrained by other considerations, and the hope of evasion usually predominates over fear.

Under the laws of this state, the stockholder, who loses all that he has in the bank, in case of its failure to pay its debts, is made still further liable for those debts, to the extent of a sum equal to his shares. The stockholder may be a woman or an invalid, but is still regarded in the light almost of a culprit, and must lose double his investment. The consequence is a growing indisposition among men of large property to invest money in banks. Those who cannot be induced, by the danger of losing what they invest in a bank, to see personally to the management of its affairs, are not to be compelled to the task by doubling the risk of loss. They rather become careful to put little, generally, at risk, in one bank, and the community gains no security by the change.

Very lately a law was passed in this state making it penal to pay a dividend of profits, without such a rigid and laborious examination into the affairs of each bank by a committee of stockholders, that scarcely any stockholder could be induced to undertake the task; and the law was repealed when it had been found impossible to enforce it. It is obvious that until some more certain mode of application can be discovered, laws of a penal character may produce an effect directly the reverse of what is intended.

One plan has been attempted which certainly seems calculated to check any tendency to mismanagement. It is the appointment of three commissioners whose duty it should be to examine the books, papers, cash, and notes of every bank in the commonwealth, whenever they think fit; with the right to stop its business whenever they see cause. Such commissioners unquestionably would have the power to ascertain the true condition of a bank far better than any one of its directors could do it. The mass

of information which they can gain, in examining one bank after another continually, must be such that no gross mismanagement could escape their searching investigations, if properly made.

A small part of the capital might be misused without their discovering it, but not such a part that the community could be in danger, though the stockholders might suffer. But the commissioners should be men deserving of confidence in every way. They should be perfectly independent, under no temptation to borrow themselves, but withdrawn from any private business that could even distract attention from their duties. They should be, too, sagacious and honest, with considerable experience. Such men, in a community like this, are very likely to earn from four to five thousand dollars a year, or more, in the usual branches of business; and are not likely to leave their homes and travel about the commonwealth in discharging laborious and important duties for a paltry salary.

A law was passed providing for such commissioners in Massachusetts, and the question arose, what should be their pay? What could the commonwealth afford to give for the purpose? Its interest in the subject, besides security to the people from a bad currency, may be estimated by its receipts for the last year. The whole amount of regular income paid into the treasury of the state for the year 1844, was three hundred and seventy-seven thousand dollars, and of this sum the banks paid three hundred and five thousand dollars, as the tax that I have mentioned, imposed for the privilege of banking. The banks were sustaining, then, more than four-fifths of all the expenses of our state government. Their only means of paying this tax are, as I have explained, and as is well known to the legislature, by extending their loans beyond their capital; and yet, when men were to be selected, to act as a safeguard over thirty millions of money, in order to secure the currency of the community, the income of the state, and the interests of the widows and orphans whose property is invested in bank shares, the salaries of these men were fixed at fifteen hundred dollars each! The consequence was, that the place and business of these commissioners eventually fell into the hands of such men as would accept the office, rather than of those who were particularly suited, by their previous habits of business, to perform the duties. The most active of the three was, in truth, embarrassed in his private affairs, anxious to borrow where he could, and prevented by troubles of his own from giving undivided attention to duties that required unceasing watchfulness. At length, a bank in a neighboring town, to which he had shortly before given a superficial examination, placing too great confidence in the assurances of its officers, was found to be ruinously insolvent, without any intimation of the fact from the commissioners. It was then inferred that they were useless, and the law was denounced and abolished as a failure. Yet the commissioners had done good. There is reason to believe that their supervision had prevented great mischief, which will never be generally known, because it was prevented. The law was good in the main; and its great defect arose from that mischievous species of economy in salaries, that, in the present day, is made to ring in the ears of the people for political effect. The duties of a commissioner require his whole time, for nothing should be taken upon trust from the character of bank officers, however high. Every point should be verified by personal examination.

In speaking of the necessity that sometimes exists for curtailing the liabilities of a bank in order to insure its safety, we have alluded only to

such difficulties as arise from ordinary fluctuations in business. It may be of use to consider for a moment a case of extraordinary character, such as arose here in the year 1837, when all the banks together suspended their payments of gold and silver for their own bills. I say all the banks; for though it is asserted of two or three that they never did actually suspend, it was because they were in remote places, and were not called upon until an easy standard of payments had been generally established, in which the community acquiesced.

In reverting to that period, it is of some interest to inquire what would have actually been the consequences to any one bank in this city; for instance, if the directors had resolutely determined not to refuse the payment of gold and silver until they had parted with all that they had in their vaults, and all that they could have obtained by any means in their possession.

The bank that we have described, with a capital of one hundred thousand dollars, lending usually one hundred and fifty thousand dollars, was supposed, just now, to have reduced its loan, in a time of pressure, to one hundred and twenty thousand. It was then very much in the position of most of our banks here, when news arrived from New York, one day, just after the close of business, that all the banks there had suspended their payments; and it was known that brokers had arrived with large amounts of Boston bills, and were waiting to present them, as soon as the banks should open the next morning, with a demand for hard money, which stood at a premium of ten or twelve per cent, over the bills of banks that no longer paid in silver.

Our little bank would probably have been likely to have about twenty-five thousand dollars of its bills in circulation at that time; of which, twenty thousand might be gathered up at once for demand. In those times, the deposits were necessarily reduced, as people had less money than usual to keep on hand. We will suppose them reduced to thirty-five thousand. Many of the depositors would call for their money in gold and silver, for the sake of the premium which it then bore. But they would not all withdraw their money, because there are always some who do not avail themselves of such changes; and who would only want to be assured that, whenever they should call for their deposits, they would be paid them in what was equal to gold and silver.

These deposits, then, like the bills of the bank, would be worth the same premium as hard money, in comparison with those of suspending banks. We may suppose that twenty-five thousand of the deposits would be withdrawn. This, with the bills brought in, would make forty-five thousand dollars to be paid out in gold and silver, the next morning; and the bank would have about five thousand or six thousand on hand in specie to begin with; leaving about forty thousand to be raised. That must have been done by selecting some of the best notes, and pledging them for a loan of forty thousand silver dollars. There was no difficulty in finding the dollars; for as soon as the banks in New York suspended, they ceased to want them; and what were there would come here, or go anywhere else, for the premium of ten or twelve per cent. But the rate of interest was very high. The bank must have borrowed these dollars for at least two months, at two or three times the rate of the ordinary interest. The premium for the dollars would have been four thousand eight hundred dollars, and the interest twelve hundred; making six thousand in the whole; which does not seem to be a great price to pay for the satisfaction of entire solvency, especially when it is remembered that great advan-

tages would have grown out of that solvency in the fresh deposits, and extended circulation that would have followed, as soon as it was known that those who had deposited what was equal to gold, should always receive the same, and that the bills could always be paid when presented.

But the banks that meant thus to pay specie, must have ceased to lend, in order to stand firm ; no man could expect to borrow a dollar from them for two or three months. The banks that gave way, could lend nothing that would be of use in making payments, where gold continued to be the standard ; for their bills were discredited. If all aid from banks were thus withdrawn, how could people pay their debts, since business men habitually rely on the readiness of banks to lend ? How would the bank, itself, have repaid that loan of forty thousand ? It could only be from those notes which it had pledged, or others that were falling due. But would the promisers have been able to pay those notes ? At that time, failures were so numerous, that those who had borrowed money from the banks, on notes taken for merchandise sold, were apt to find, when the notes fell due, that their customers were unable to pay them ; and that they had themselves to refund the money to the banks, as well as to provide for their own debts. The banks, therefore, doubted whether the notes in which most of their funds were invested, would be paid.

Here we touch the true difficulty of the case. It appeared to be a struggle between the banks and the merchants, which should fail. What would have been the result, if the banks had held out for another month, remains a matter of speculation. It was feared that the merchants who were indebted to the banks would have failed, generally, and that, then, the failure of the banks would have followed. The banks acted on this belief, and gave way. Their debtors then had the advantage of paying by common consent, in depreciated currency, which could easily be had ; and the merchants were relieved.

It is obvious, however, from what has been said, that if a bank has been well managed, its suspension need not follow, merely from the fact that all those near it have failed to pay gold and silver. Its solvency may be maintained without ruinous cost, and it will have the distinction of preserving in its bills the true standard of value, for the reference of the community.

Some persons still believe that the banks yielded unnecessarily in the instance mentioned ; and that if they had stood firm, the consequences would not have been so disastrous as was apprehended. They suppose that the decision might have been different, too, had it not been that most of the bank directors were themselves merchants ; a fact, from which they infer that the two sides of this contest were not maintained with equal vigor.

It would certainly be advisable that bank directors should be men of property, retired from business, who never wish to borrow money. But this cannot be. Such men can but rarely be induced to trouble themselves with engagements of this nature, and the duty of lending from the bank is left to be performed, in most cases, by those who are borrowers themselves. I believe the duty to be discharged, in the main, with great fairness ; and that the banks generally receive benefits from their directors, in procuring them the best selection of paper, greater than they confer by any loans.

But, as we know, there are melancholy instances of breach of trust in this relation ; and we cannot reflect without grief on the misfortunes of those who have suffered in such cases. With the exception that active

men of business are borrowers, they are best fitted to manage the affairs of a bank. They know everybody, and understand what is going on. If they have no improper purposes of their own, they are invaluable; and a large portion of them are proved to be so. The chief danger that they may prove otherwise, arises from the same sources in which originate a large portion of the evils of corruption, wherever they exist. A man of common sense, and ordinary firmness, who has so much of honesty and self-respect, that he would ask nothing improper for himself, nor accept it if it were offered, will hardly stand passively as a bank director, and allow any proceeding to pass without rebuke, that would betray the interests of the stockholders, for whom he acts. His mere presence is generally sufficient to prevent the attempt of it; for in banks, as everywhere else, fraud and vice are awed by the approach of integrity and virtue, just as reptiles retire from any opening that admits the light of day into the den of their retreat. There is sometimes found in a board of directors, or any assemblage of men, just so much virtue and sense of right, that a majority of them will follow the lead of any man, who has integrity and resolution sufficient to take the first step in opposition to wrong, although the rest would fail to originate the movement themselves. This, perhaps, is the most common state of parties in all human affairs.

elector

But when a man has once yielded to considerations of personal expediency, and taken for himself what the dictates of justice would impel him to refuse to a fellow ~~creditor~~, then he must silence the dictates of justice, and give way to the wishes of others. Then begins that system of mutual concession, from which corruptions usually arise. It is subtle and insinuating, active in mischief, but scarcely perceived. The human heart is, as it was of yore, deceitful above all things; and a specious sophistry is at work within to palliate and justify what would be promptly condemned, if the interest that is to be promoted were removed. "Do this for me, and I will overlook that in you," is language that would express the motives for much of the wrong that is supposed to exist in all public affairs, as well as in private morals. But it is not so often conveyed in utterance, as in the feebleness of opposition, in the apologetic tone, and the significant glance of the eye, which binds the tacit agreement for mutual support. Observers frequently fail to perceive it, and the heart of the actor in this conspiracy against justice, blinded by self-interest, refuses to acknowledge it. But the complexion of society betrays the effect in the hideous contortions that we sometimes see on its face.

About fifteen years before the commencement of the French revolution, the celebrated Turgot, in compliance with the wishes of the nation, was called to the administration of financial affairs in France; and on assuming the duties of his office, he addressed a letter to the king, in which he recapitulates the principles on which he intended to act, in order to avert the frightful dangers which he saw impending. He reminds his majesty of the royal promise which had induced him to venture on such fearful responsibility as was before him; the promise that the king would resolutely sustain him by enforcing the measures that might be found necessary to carry into effect those principles, which, it was agreed between them, were required for the safety of the kingdom. There was to be no future failure to meet public engagements. There was to be no increase of duties or taxes; and yet, there were to be no more loans. The whole basis of the change proposed was to be economy and retrenchment, with relief to the people from the exactions of personal labor for public purposes.

Economy was to come first ; for he foresaw that the opposition of those who were ~~entitled~~^{intended} to prevent the reform of abuses, and their manœuvres to thwart his designs would lead, probably, to a temporary diminution of revenue. In touching language, he implored the protection of the king against his own too easy nature, that yielded so readily to the wishes of those around him, and which might be startled by the clamors that were about to be raised by those who lived upon the sufferings of the people. "I feel," he says, "that you have confided to me the happiness of your subjects, and if I may say so, the charge of making your person and your authority beloved ; but, at the same time, I perceive all the dangers to which I expose myself. I have already foreseen that I should have to combat alone against the abuses of the whole age ; against the efforts of those who gain by those abuses ; against the crowd of prejudices that are opposed to all reform, and which are means so powerful in the hands of those interested to perpetuate disorders. I shall have to struggle even against the generosity and kindness of your own heart, and of persons who are most dear to you. I shall be feared—hated, even, by the greatest part of the court, by all that portion who solicit favors ; for all refusals will be imputed to me. I shall be painted as a hard man, because I shall have represented to your majesty that you ought not to enrich even those whom you love, at the expense of the subsistence of your people. That same people, for whom I shall be sacrificing myself, are so easily deceived that perhaps I shall incur their hatred by the very measures which I shall employ to defend them from oppressions. I shall be calumniated, and perhaps with such an appearance of truth as to deprive me of your confidence. I should not regret to lose a place which I have never sought. I am ready to resign it to your majesty, whenever I can no longer hope to be useful. But your esteem, my own character for integrity, the goodwill of the nation, which have determined your choice in my favor, are dearer to me than life ; and I incur the risk of losing them even in shunning cause for self-condemnation.

"Your majesty will remember that it is upon the faith of your promises, that I burthen myself with a load that perhaps is too great for my own strength ; but it is on you personally, on the honest man, on the just and good man, rather than on the king, that I place my reliance."

He entered on his administration, and improvement commenced. He told the king that in ten years France would hardly be known for what she had been. But while he was guiding the affairs of the nation in the only course that could possibly insure its safety, the nobles, the courtiers, the priests, the financiers, the merchants who had purchased monopolies from the government, down to the very porters whom they employed, joined in one general outcry, to drive him from his post. His colleague withdrew disheartened. But Turgot persisted, inflexible and undismayed, showing that it was still possible to avert that terrible catastrophe which every month was hastening on, until the fearful combination that had been formed against him prevailed ; and he was dismissed, to the joy of the corrupt, and to the sorrow of the oppressed.

It has been well said by a British writer, that "while the courtiers of Louis XVI. drove from his councils the most upright and patriotic of his ministers, in the belief that they were sacrificing the welfare of millions to their own particular interests, they, in truth, were dooming themselves to the block, their families to ruin and exile, their order to extermination, their country to anarchy, and Europe to the sanguinary and furious war,

compared with which, all the rest that have disfigured her annals, are as the sports of children ; and when the king signed the order for his dismissal, he signed his own death-warrant. France has, at length, succeeded in obtaining those advantages which were proposed by Turgot ; but it has been after passing through an ocean of blood."*

This may seem to be rather a strong case to present in illustration of the subject that we have been considering. But strong cases serve to show most clearly what are the tendencies of our actions. Although on a smaller scale, there is tendency to mischief of the same nature, when bank directors, for the sake of temporary accommodation, first expose themselves to the temptation of sacrificing the interest of stockholders to their own convenience. It is the same in all private and all public affairs. While it would be difficult to ~~attain~~ the assent of the community to the existence of any one evil custom by itself, a host of evils may be tolerated by ~~a~~ force of mutual concession and support. The passage of one bad law is often effected only by an appeal to the desire for some other law that is itself objectionable. Thus bad legislation prevails in opposition to the real will of the majority, because that will is stifled by bargaining among those who, perhaps, do not mean to be corrupt, but who scarcely reflect on the consequences of what they do.

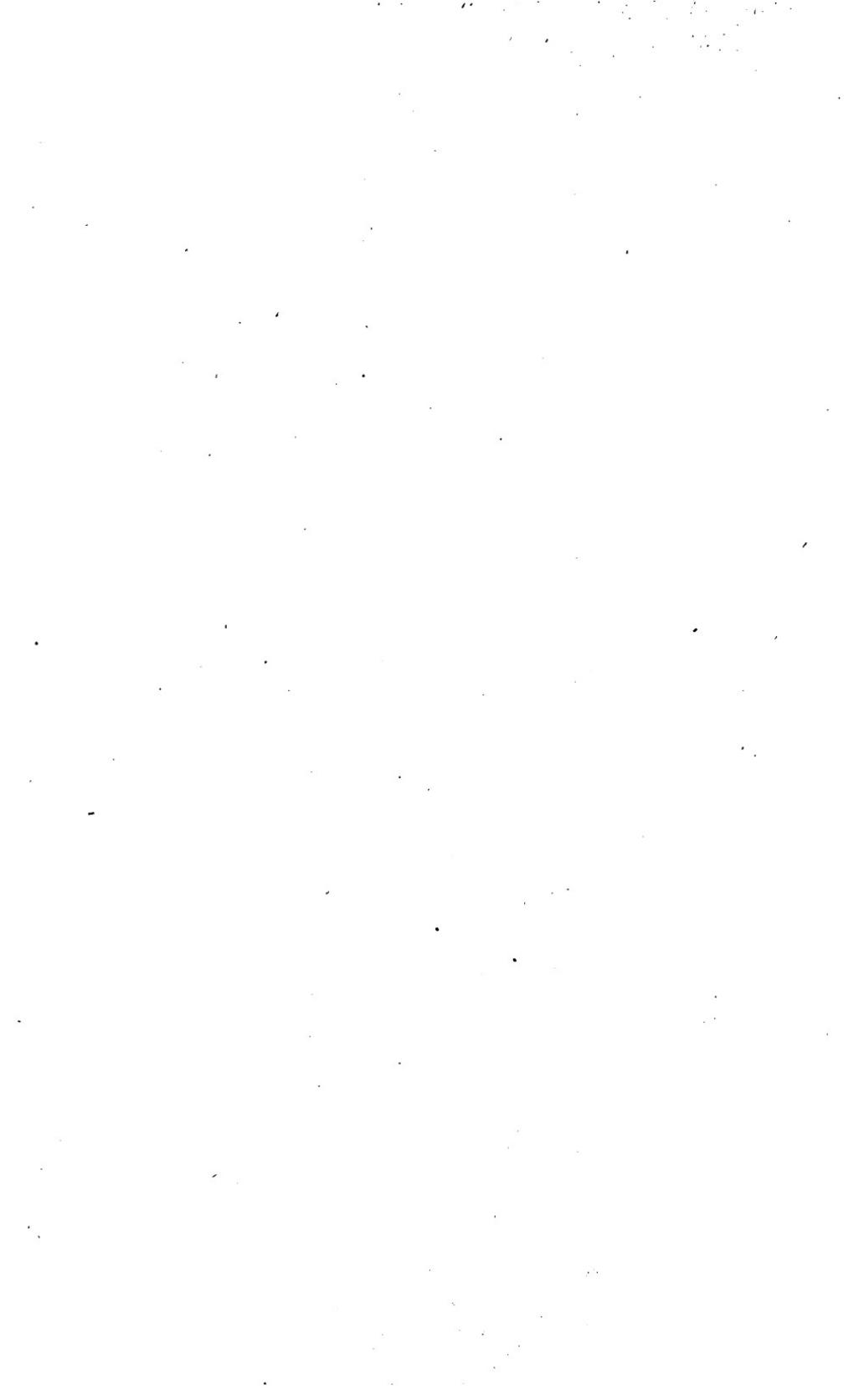
The complaint of Turgot may be repeated, too, among us. "That very people whose welfare has been sought in framing the laws of the land, are so easily deceived, that they are in constant danger of being incited through artful misrepresentations, to turn against the regulations on which their own happiness and advancement depends."

We are a part of that people, and each of us are in some degree responsible for the 'correct decision of the whole. We are answerable for the use that we make of our influence on the mass, and for our neglect to use it. If we suffer improper purposes of our own to affect the zeal with which we should advocate what is right, or the energy with which we should oppose what is wrong, we are but following in the steps of those who defended corruption in France.

But to be firm, we must be independent ; and to secure independence, as in the plan of Turgot, we must begin with economy, industry, and moderation in our wants. If there had been no combination for the mutual support of corruptions in France ; and if the correction of one abuse could have been urged without impediments from influence founded on other abuses, so that each might have been removed singly, what distress and loss would have been avoided.

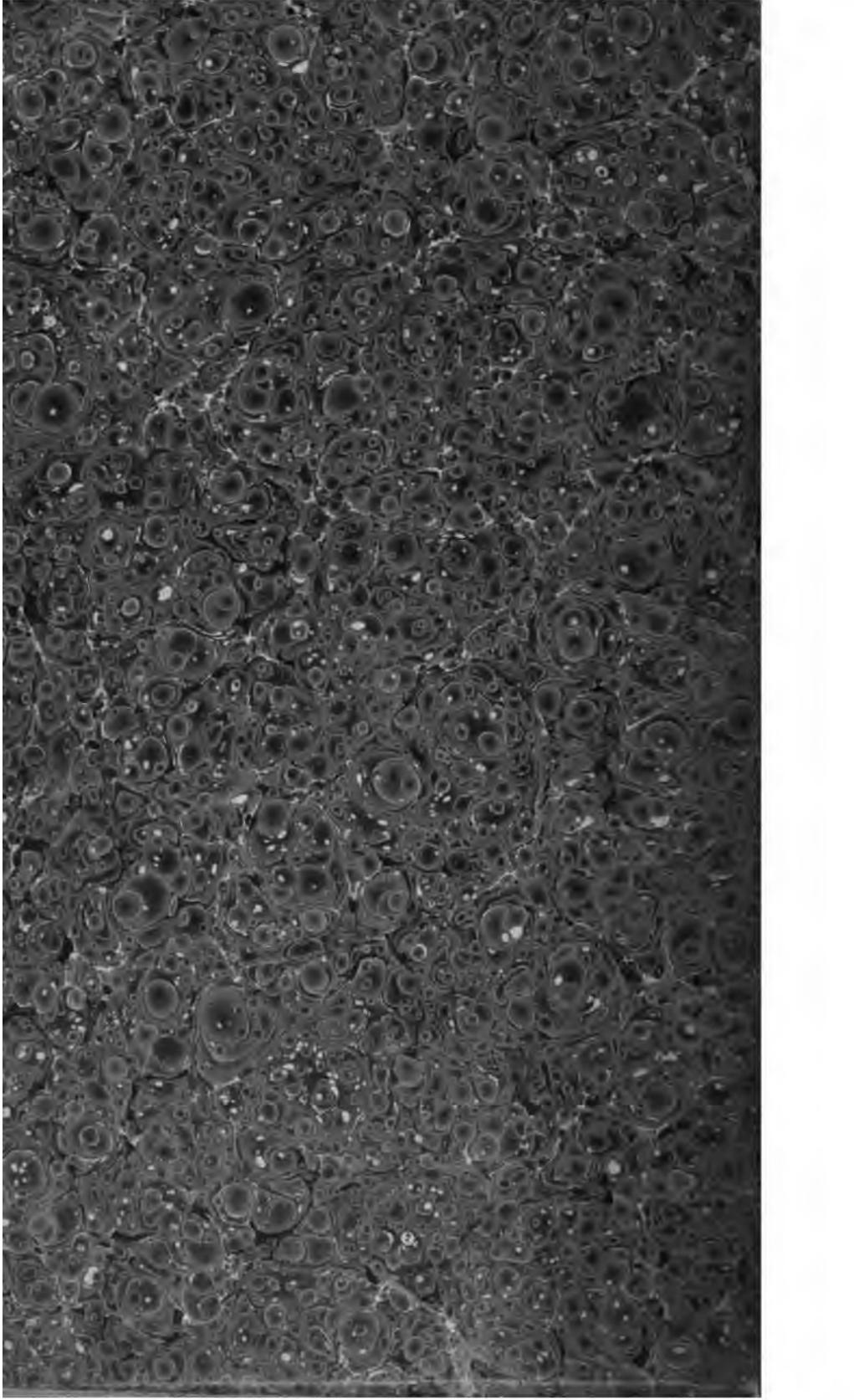
We may repose so much faith in our present system of government, as to believe that we are in no danger of any immediate convulsion. But every act of injustice, or breach of good faith, every instance in which we participate in wrong of any sort, or even suffer it to pass without rebuke, goes to swell the tide of corruption that may one day sweep away the institutions under which we now live in happiness.

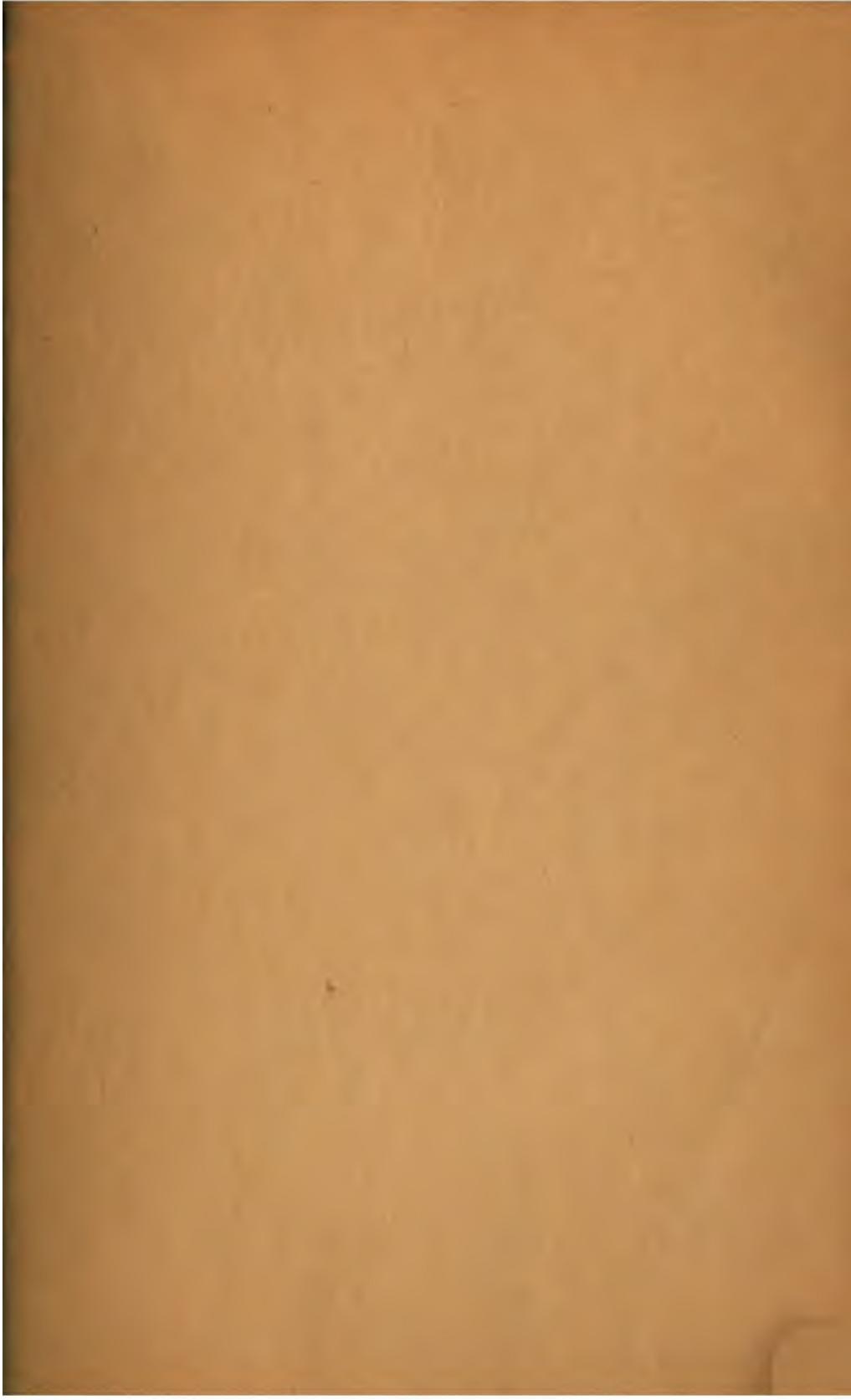
While, on the other hand, by the courageous integrity that breathes forth in the carriage of the upright, by every sacrifice, however secret, that we make of interest to strengthen our principle, and every example that our lives afford of the beauty of virtue, and the power of the religion that has been revealed to us, we aid in forming the barriers that are necessary to render our frame of government perpetual.

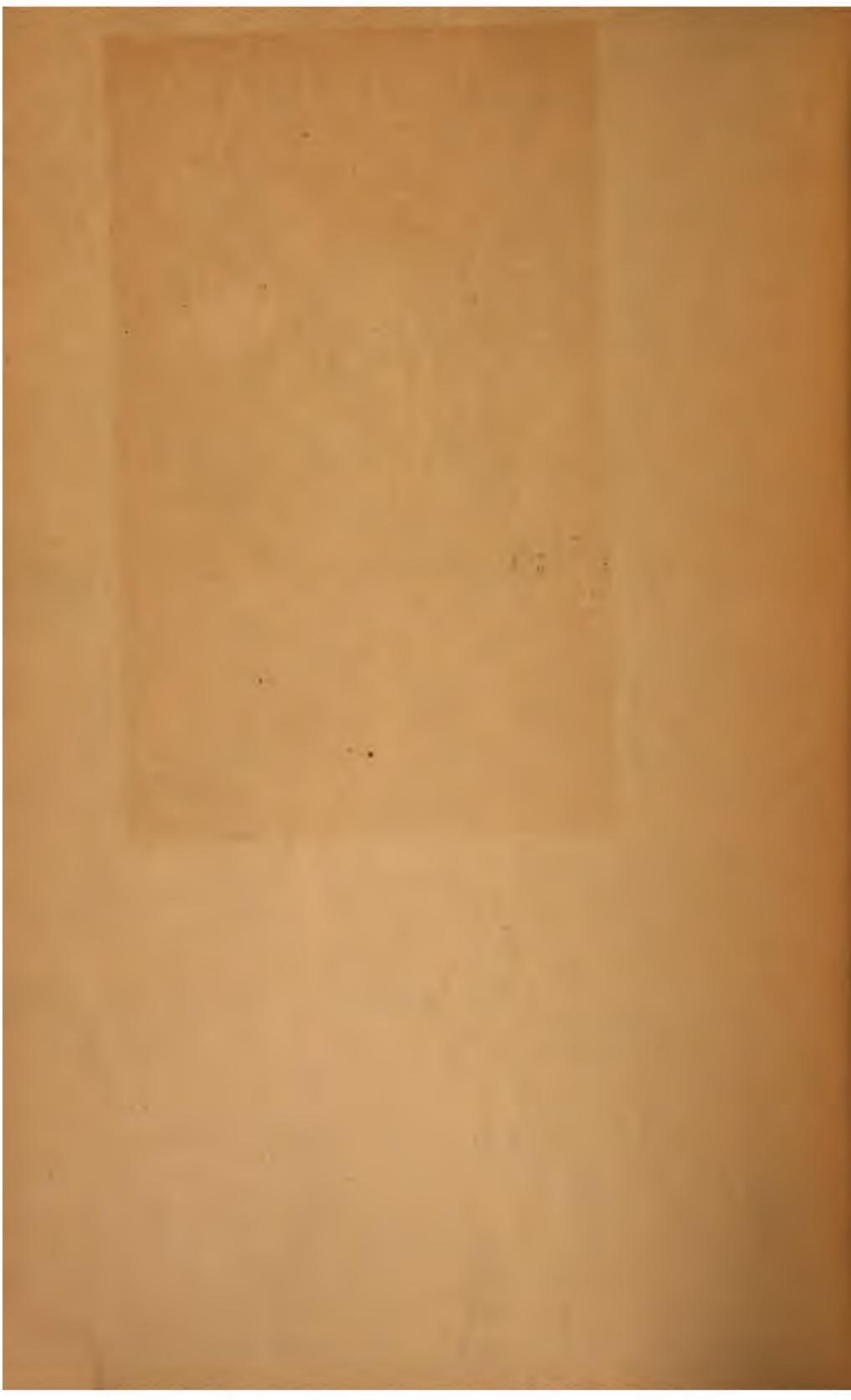












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